

Resolution table for EIOPA's Consultation Paper on Advice to the European Commission regarding certain aspects relating to retail investor protection			
Stakeholder	No	Response	Resolution
Question 0: Do you have any general comments on the Consultation Paper?			
Polish Chamber of Insurance	Q0	<p>Polish Chamber of Insurance (PIU) would like to welcome the opportunity to comment on EIOPA's draft advice to the European Commission (EC). The EC's upcoming retail investment strategy has the potential to significantly impact the insurance industry and it is vital that the specific nature of our industry is considered in any legislative proposals. In this regard, EIOPA's detailed and balanced analysis of the current functioning of the market, and assessment of potential policy options is welcome.</p> <p>PIU welcomes EIOPA's general findings in this report and in the recent IDD application report, that the IDD proves a solid and market appropriate framework for the distribution of insurance. The report also highlights that, given the short period of application of the IDD, it is too early to draw robust conclusions about the application of the IDD. Given this, the starting point should be to maintain the current rules coupled with supervisory measures where needed, instead of introducing legislative changes.</p> <p>Although for the most part the IDD provides a solid framework for the distribution of insurance, the current information and advice process for insurance-based investment products (IBIPS), building on various legal sources of very different age and origins (insurance/securities), effectively results in a time-consuming and highly complex exercise that rather contributes to the confusion than orientation of the average customer. Therefore, any initiative to streamline the process and making it fit for the</p>	Noted

		<p>expectations of incoming customer generations is highly welcomed.</p> <p>There has been significant focus on the differences between the IDD and MiFID, but it is crucial to also understand the reasons behind these differences. Retail investment products, which are subject to MiFID II are purely for investment purposes and are held in individual accounts. Life insurance products, on the other hand, combine investment and risk taking. Their investment is made collectively for the entire community of policyholders. This collective element works as a wrapping of protection for customers. Moreover, the Insurance distribution system is fundamentally different to the distribution of banking or fund -based products. EIOPA’s report highlights many of the key reasons why this is the case.</p> <p>PIU would also like to emphasise the importance of the proportionality principle in assessing any new proposals. Regulation should always be designed to meet the needs of consumers while not being overly burdensome for insurers. This is particularly true in relation to the section on product complexity but is a common theme throughout our response. It should also be highlighted that additional legal requirements generally lead to increased costs for companies and ultimately the consumers.</p> <p>We would also like to stress the difficulties created by having several concurrent workstreams. The consultation deals with the PRIIPs Regulation but this is currently subject to potential amendments as part of the revised RTS are not yet implemented. Similarly, IDD rules on suitability assessments will shortly be updated to include sustainability preferences, while IDD in its entirety has only been in force for a matter of years. These ongoing changes make it difficult to fully assess the functioning of current regulation.</p>	
BETTER FINANCE	Q0	BETTER FINANCE welcomes EIOPA’s efforts to streamline and simplify information disclosed to consumers in financial services. We believe that the marginal utility of disclosures decreases as these grow in size and complexity, reaching a point from which these no longer deliver any benefits for individual, non-professional investors.	Noted

	<p>We find EIOPA’s initiative particularly useful in light of the recent tendency of capital markets regulation to replace the liability of product manufacturers and intermediaries with consumer disclosures, shifting the responsibility on “retail” clients faced with biased distribution models and growingly complex products.</p> <p>Essentially, BETTER FINANCE members share the view that, until a high level of financial literacy is achieved among financial services users, the latter are not equipped to deal with the current amount of information; on the contrary, research undertaken by BETTER FINANCE into information overload highlights that large and complex disclosures demotivate consumers from engaging and making informed decisions.</p> <p>In this light, BETTER FINANCE very much welcomes two particular proposals of EIOPA (analysed in more detail under Q5 below):</p> <ul style="list-style-type: none"> • streamlining regulatory reporting requirements (the overlaps between applicable sectoral legislation); and • identifying “vital information” that an investor should receive. <p>These are, indeed, the current two efficient measures to be taken to improve the efficiency of disclosure documents for “retail” investors. In time, as financial education campaigns will start to show results and access to bias-free advice will improve, consumers will become better informed, more sophisticated and less dependent on intermediaries, which will prompt them to require more sophisticated information, as well as perhaps more detailed.</p> <p>For the moment, we believe that EU sectoral legislation’s pivot provision – client categorisation – should suffice to satisfy the information and product needs of more experienced and knowledgeable investors; the key aspect is to ensure that the criteria and procedure to disapply the general protection regime for “retail” clients are harmonised across markets.</p>	
--	---	--

Irish Life Assurance PLC	Q0	<p>Irish Life Group supports the high-level objectives of this consultation and, in particular, welcomes any proposals to remove duplication of disclosures. We agree that there is a need to simplify and streamline disclosures to avoid information overload, particularly at the early stages of the customer journey.</p> <p>Any regulatory changes should recognise evolving customer behaviours, particularly regarding how information is consumed through digital channels. With a move towards a 'digital first' approach there is an opportunity to be more flexible in our communication style and content depending on the customer needs and their stage on the customer journey.</p> <p>We agree also that the definition of durable medium needs to be broadened to reflect changes to how consumers consume and interact with information. There should be greater flexibility to communicate key information and other regulatory disclosure by non-written mean.</p> <p>We support the variation of how information is delivered and the enhancement of consumer engagement through more modern means of communication such as YouTube broadcasts and podcasts etc.</p> <p>Future regulation should be technology neutral and permit the provision of information in more flexible formats through more modern means of communications. Information should be consumer-friendly and digital-friendly. Financial inclusion should also be considered. Provision should be made for a range of differing mediums of presenting information to make information as accessible as possible to the widest group of people.</p> <p>Any significant proposed changes in this area should be given appropriate time for customer testing and consideration by stakeholders.</p>	Noted
Unipol Gruppo S.p.A.	Q0		
Dutch Association of Insurers	Q0	The Dutch Association of Insurers welcomes the opportunity to comment on the EIOPA draft advice to the European Commission regarding certain aspects relating to	Noted

		<p>retail investor protection. In our response we focus on chapter 3 (Tackling damaging conflicts of interest in the sales process). Our comments are based on almost 10 years of experience with the full commission/inducement ban for complex and impactful products in the Dutch insurance market. The Dutch commission ban was introduced five years ahead of the IDD. Key element in the consumer centric legislative framework is the pure market model with a separation of the roles of insurers and (independent) intermediaries. Insurers are responsible for the product and (independent) intermediaries for the (independent) advice. Consumers pay separately for advice to the (independent) intermediary. Advice has value for consumers and (independent) intermediaries play a key role in the distribution (initial advice and on an ongoing basis) of complex products in the Dutch insurance market.</p>	
<p>France Assureurs (Fédération Française de l'Assurance) – provided separate supporting documents</p>	<p>QO</p>	<p>France Assureurs would like to welcome the opportunity to comment on EIOPA's draft advice to the European Commission (EC). The EC's upcoming Retail Investment Strategy (RIS) has the potential to significantly impact the insurance industry and it is vital that the specific nature of our industry is considered in any legislative proposals. In this regard, EIOPA's detailed and balanced analysis of the current functioning of the market, and assessment of potential policy option is welcome. It is important that EIOPA continues to be fully involved in the policy process even once the formal advice to the EC is completed.</p> <p>The report highlights the differences between IDD and MIFID but it is crucial to also understand the reasons behind these differences. The Insurance distribution system is fundamentally different to the distribution of banking or fund -based products. The consideration of this difference will allow to take into account the specificities of each sector and to reach the objectives of the European Commission defined in the retail investment strategy.</p> <p>We would also note that IDD was deliberately designed as a minimum harmonisation Directive. This minimum harmonisation approach allows the necessary flexibility to consider local market structures and consumer behaviour. Access to advice, for those consumers who would benefit from it, is vital in all markets to increase consumer participation and trust in capital markets. Measures taken under the RIS should not</p>	<p>Noted, in particular re timeline where we would have liked to give stakeholders more time for the consultation if we had not been subject to such tight constraints</p>

	<p>restrict consumers' ability to access affordable high-quality advice by working within existing market structures.</p> <p>While we are grateful for the opportunity to comment on EIOPA's draft advice, we would take the opportunity of this consultation to express our concerns with the timeline for the work. We understand that the short timeline is unavoidable given EIOPA's deadline of April 2022, but four weeks is insufficient to provide full feedback and has not given stakeholders enough time to consider some of the new proposals in sufficient detail. It is vital that there are further opportunities for stakeholder input as the EC's work progresses and that such short consultation periods do not become the norm. It is also unfortunate that the results of the external study on distribution and disclosures have not been published in time to inform EIOPA's draft report or our response to the consultation.</p> <p>We would also like to stress the difficulties created by having several concurrent workstreams. The consultation deals with the PRIIPs Regulation but this is currently subject to potential amendments as part of the ESAP initiative and the revised RTS are not yet implemented.</p> <p>Similarly, IDD rules on suitability assessments will shortly be updated to include sustainability preferences, while IDD in its entirety has only been in force for a matter of years. These ongoing changes make it difficult to fully assess the functioning of current regulation. In this way, IDD application report highlights that, given the short period of application of the IDD and the fact that the impact of legislative change takes time to bed in, it is too early to draw robust conclusions about the application of the IDD. This is compounded by the addition EC consultation on suitability assessments launched on 21st February.</p> <p>Finally, we would also emphasise the consequences of these successive changes in the regulatory texts are not neutral for the market players insofar as the required adaptations represent significant efforts and costs. Thus, a major change in the</p>	
--	---	--

		strategy for retail investors, as envisaged by the European Commission, seems premature at this stage.	
Länsförsäkringar	Q0	<p>We see advantages in coordinating the legal requirements for information to customers. Today, there are overlapping requirements according to e.g. Solvency II, IDD and PRIIP regulations.</p> <p>Coordination of the information requirements is good for customers and also the industry. The overall information requirements should be regulated in IDD since it is specially adapted after insurance. Regulation through directives also creates better conditions for adaptation to national requirements compared with the PRIIP regulation. The latter has created major application problems for the Swedish market. Information requirements must be adjusted and not lead to information overload for customers. We agree with the simplification suggestions made by IE;</p> <ul style="list-style-type: none"> o Have significantly fewer disclosures mandated by EU rules. o Use behavioural economics, allow visuals and icons, and remove jargon from EU rules. o Test new disclosures on consumers to ensure they work. 	Noted
ASSORETI - Association of intermediaries which provide investment advice service through their network of qualified individual financial advisors.	Q0	<p>Assoreti - the Association of intermediaries which provide investment advice service through their network of qualified individual financial advisors - is grateful to EIOPA for the opportunity given to market participants to make comments on certain aspects relating to retail investor protection.</p> <p>In performing the aforementioned advisory service, bank and investment firms member of Assoreti also provide advice on IBIPs, being the second distribution channel for these kind of products in Italy, after bank counters.</p> <p>The Association is therefore interested in participating in this consultation with the hope of being able to contribute positively, thanks to the experience gained by its members, to identify solutions / interpretations that may favour the market and at the same time pursue the objective of the best interest of the client.</p>	Noted

		<p>The adoption by this Authority of an approach which pays attention to the need for rationalization of the discipline, currently scattered in a plurality of regulatory texts whose coordination is difficult and the source of divergent operating and supervisory practices from country to country, is appreciated.</p>	
<p>Insurance Ireland</p>	<p>Q0</p>	<p>Ireland is a thriving global hub for insurance, reinsurance & captives and Insurtech. Ireland's insurance market is the fifth largest in the EU, and our Reinsurance market is the second largest. Our members represent around 95% of the companies operating in the Irish market, making Insurance Ireland a strong leadership voice for the sector. Insurance Ireland members provide competitive and sustainable products and services to customers and businesses across the Life and Pensions, General, Health, Reinsurance and Captive sectors in Ireland and across the globe. In Ireland, our members pay more than €13bn in claims annually and safeguard the financial future of customers through €112.3bn of life and pensions savings.</p> <p>Our members contribute €1.6bn annually to the Irish Exchequer. The role of Insurance Ireland is to advocate on behalf of our members with policymakers and regulators in Ireland, Europe and Internationally; to promote the value that our members create for individuals, the economy and wider society, and to help customers understand insurance products and services so that they can make informed choices. Insurance Ireland represents over 130 member firms serving 25 million customers in Ireland and globally across 110 countries, including 24 EU Member States, providing protection peace of mind to individuals, households, and businesses, and providing a firm foundation for the success of the Irish economy and wider society.</p> <p>Insurance Ireland would like to welcome the opportunity to comment on EIOPA's draft advice to the European Commission in respect to its upcoming retail investment strategy. We highlight the importance of stakeholder engagement in policy development and the importance of EIOPA's continued involvement once the advice has been submitted. We largely agree with the response of our European counterpart Insurance Europe and this document is intended to support and enhance their position as well as providing a more focused response to the issues arising</p>	<p>Noted. The focus in the draft advice on the differences between IDD and MiFID II is down to the fact that the European Commission specifically requested EIOPA to analyse the impact of those differences.</p> <p>Noted re deadline for public consultation which was down to the tight time constraints which EIOPA was facing for delivering its advice to the Commission</p>

		<p>domestically in Ireland.</p> <p>Generally, we would like to reiterate that the existing regulatory framework of IDD provides for a rigorous yet practical regulatory framework to the seamless distribution of insurance. Our preferred approach is to maintain the regulatory status quo as sufficient consumer protections already exist under the IDD, and are further enhanced by the PRIIPs regulations and POG rules. Additionally, from an Irish perspective, the CBI's approach to conduct risk oversight and governance means that there is strong supervision of these products already in the Irish market, applicable to both domestic and cross-border providers. We believe that the consistent application of the provisions would constitute an appropriate level of consumer protection.</p> <p>The report sees a particular focus on the differences between MiFID and the IDD however differences of this nature do not always need to be addressed. We believe that the standards in MiFID II were designed to apply to investment products that fall within its scope while IDD was designed to apply to insurance products including IBIPs. MiFID firms cater for more specialised investment contracts than IDD firms and the level of premium attached to MiFID II products tends to be significantly higher than insurance products. It is our strong view that MiFID firms and IDD firms operate on different playing fields because they cater for different target markets.</p> <p>Finally, while we do welcome the opportunity to engage on the matter we also share Insurance Europe's concerns regarding the timeline of the work. We understand this shortened timeline lies in the context of EIOPA's deadline of April 2022 to deliver their advice to the European Commission, however we would also note that four weeks does not allow sufficient time to provide full and extensive feedback. We also concur that it is vital there are further opportunities for future stakeholder engagement as the European Commission develops this strategy further.</p>	
<p>BEUC, The European Consumer Organisation – provided separate supporting documents</p>	<p>Q0</p>		

<p>ANIA</p>	<p>Q0</p>	<p>ANIA takes the opportunity of sending its contributions to EIOPA on the consultation paper regarding advice on certain aspects relating to retail investor protection.</p> <p>We agree with the detailed and balanced analysis carried out by EIOPA on the current functioning of the market and the recent report on the application of the IDD, which demonstrates an appropriate regulatory framework for the insurance distribution market, although, at the same time, we stress that it is too early to draw definitive conclusions on the application of the IDD, given the short period of application of the directive itself, considering that the impact of the new regulatory environment requires time to stabilize in the various national markets.</p> <p>That being said, we believe it is appropriate to maintain the current regulatory framework paired with appropriate supervisory measures, rather than introduce substantial legislative changes.</p> <p>Another general consideration concerns the favourable opinion of all those initiatives aimed at simplifying the information and advisory process in the offer of insurance-based investment products, both for the benefit of investors, who will be better able to make understandable insurance choices, and for the intermediaries themselves, who will see a reduction in the current time-consuming procedures.</p> <p>We agree with the fact that there is a difference between MiFID and IDD in terms of products which, in the first case, have as their exclusive purpose that of investment, while in the insurance field besides the investment there is also the assumption of a biometric risk or the provision of a financial guarantee by the manufacturer.</p> <p>We hope that insurance investment products will continue to be subject to oversight with insurance-specific expertise.</p> <p>We also hope that EIOPA will continue to be fully involved in the policy process, even after formal consultations with the European Commission have been completed.</p>	<p>Noted</p>
-------------	-----------	--	--------------

ACA	Q0	<p>1. We still argue for a MiFID-inspired notion of “sophisticated investor” which would be exempt from some of the more retail disclosures (such as the PRIIPs KID, which for highly personalised products brings more confusion than anything).</p> <p>2. Every change to regulation should be tested with consumers first and cover all product segments (including the most complex ones).</p> <p>3. High quality advice is preferable to a high volume of disclosures.</p>	Noted and full support also for the need for consumer testing to be embedded in developing the regulatory framework
Institut des actuaires (France)	Q0		
Spanish Banking Association	Q0		
Bundesarbeitsgemeinschaft zur Förderung der Versicherungsmakler (BFV)	Q0	<p>Wir begrüßen es, dass die EIOPA eine Umfrage zum Konsultationspapier durchführt und dass EIOPA sich kritisch mit weiterer Regulierung auseinandersetzt.</p> <p>Wir sind der Auffassung, dass die bereits vorhandenen rechtlichen Regelungen wie IDD Product Oversight and Governance ein hohes Maß an Verbraucherschutz bieten und ausreichend sind. Weiterhin sind wir der Auffassung, dass die Wirkungen dieser Regulierungen eine angemessen lange Zeit abgewartet werden sollten, ehe erneute Regulierungsmaßnahmen eingeführt werden.</p> <p>Bei immer wieder neuer Regulatorik, für die es keinen konkreten Anlass, wie für Verbraucher negative Entwicklungen auf dem betreffenden Markt, droht diese mehr um der Regulatorik-Willen zu geschehen und nicht dem Verbraucherschutz zu dienen, sogar zum Nachteil für Verbraucher zu sein.</p> <p>Die geringen Verbraucher-Beschwerdezahlen über Versicherungsvermittler bei der BaFin und beim Versicherungsombudsmann zeigen, dass es keine weit verbreiteten Missstände bei den Versicherungsvermittlern oder im Zusammenhang mit dem Provisionssystem gibt.</p> <p>Wir bitten zu bedenken, dass jede neue Regulierung für Produktgeber und Vermittler</p>	Noted. We have been asked by the Commission in their Call for Advice to address a number of issues such as information overload.

		<p>zu mehr Bürokratie und höheren Kosten führt. Kosten, die letztlich auch teilweise vom Verbraucher zu tragen sind. Regulierungen, die zu einer Informationsflut beim Verbraucher führen, der Verbraucher dann diese aus Sicht der Regulierer wichtigen Informationen aber aufgrund der Informationsüberflutung gar nicht mehr liest, diese Regulierungen zudem zur Verteuerung von Produkten führen, stellen keinen Verbrauchernutzen dar.</p>	
<p>Insurance Europe – provided separate supporting documents</p>	<p>Q0</p>	<p>Insurance Europe would like to welcome the opportunity to comment on EIOPA’s draft advice to the European Commission (EC). The EC’s upcoming Retail Investment Strategy (RIS) has the potential to significantly impact the insurance industry and it is vital that the specific nature of our industry is considered in any legislative proposals. In this regard, EIOPA’s detailed and balanced analysis of the current functioning of the market, and assessment of potential policy options is welcome. It is important that EIOPA continues to be fully involved in the policy process even once the formal advice to the EC is completed.</p> <p>We welcome EIOPA’s general findings in this report and in the recent IDD application report, that the IDD provides a solid and market appropriate framework for the distribution of insurance. The report also highlights that, given the short period of application of the IDD and the fact that the impact of legislative change takes time to bed-in, it is too early to draw robust conclusions about the application of the IDD. Given this, the starting point should be to maintain the current rules coupled with supervisory measures where needed, instead of introducing legislative changes.</p> <p>There has been significant focus on the differences between the IDD and MiFID, but it is crucial to also understand the reasons behind these differences. Retail investment products, which are subject to MiFID II are purely for investment purposes and are held in individual accounts. Insurance-based investment products (IBIPs), on the other hand, combine investment and risk cover. Their investment is made collectively for the entire community of policyholders. This collective element works as a wrapping of protection for customers. Moreover, the Insurance distribution system is fundamentally different to the distribution of banking or fund -based products. EIOPA’s report highlights many of the key reasons why this is the case.</p>	<p>Noted</p>

		<p>We would also like to emphasise the importance of the proportionality principle in assessing any new proposals. Regulation should always be designed to meet the needs of consumers while not being overly burdensome for insurers. This is particularly true in relation to the section on product complexity but is a common theme throughout our response. It should also be highlighted that additional legal requirements generally lead to increased costs for companies and ultimately then consumers.</p> <p>We also have some concerns regarding the supervisory architecture for insurance distribution and the future supervision of the IBIPs market. The consultation does not deal directly with this issue, but it is evident that if there is further harmonisation of rules between IBIPS and funds (beyond that already seen in PRIIPs), the supervisory system will need to adapt to ensure IBIPs continue to be subject to insurance specific supervision. Therefore, a clear definition of supervisory competences and responsibilities between the ESAs is necessary.</p> <p>We would also note that IDD was deliberately designed as a minimum harmonisation directive. This minimum harmonisation approach allows the necessary flexibility to consider local market structures and consumer behaviour. Access to advice, for those consumers who would benefit from it, is vital in all markets to increase consumer participation and trust in capital markets. Measures taken under the RIS should not restrict consumers' ability to access affordable high-quality advice by working within existing market structures.</p> <p>While we are grateful for the opportunity to comment on EIOPA's draft advice, we have some concerns with the timeline for the work. We understand that the short timeline is unavoidable given EIOPA's deadline of April 2022, but four weeks is insufficient to provide full feedback and has not given stakeholders enough time to consider some of the new proposals in sufficient detail. It is vital that there are further opportunities for stakeholder input as the EC's work progresses, and that such short consultation periods do not become the norm. It is also unfortunate that the results</p>	
--	--	---	--

		<p>of the external study on distribution and disclosures have not been published in time to inform EIOPA's draft report or our response to the consultation.</p> <p>We would also like to stress the difficulties created by having several concurrent workstreams. The consultation deals with the PRIIPs Regulation but this is currently subject to potential amendments as part of the ESAP initiative and the revised RTS are not yet implemented. Similarly, IDD rules on suitability assessments will shortly be updated to include sustainability preferences, while IDD in its entirety has only been in force for a matter of years. These ongoing changes make it difficult to fully assess the functioning of current regulation. This is compounded by the additional EC consultation on suitability assessments launched on 21 February.</p>	
VOTUM Verband	Q0		
Austrian Federal Economic Chamber, Division Bank and Insurance – provided separate supporting documents	Q0	<p>Response of the Austrian insurance industry: The VVO (Austrian Insurance Association) would like to welcome the opportunity to comment on EIOPA's draft advice to the European Commission (EC). The EC's upcoming Retail Investment Strategy (RIS) has the potential to significantly impact the insurance industry and it is vital that the specific nature of our industry is considered in any legislative proposals. In this regard, EIOPA's detailed and balanced analysis of the current functioning of the market, and assessment of potential policy options is welcome. It is important that EIOPA continues to be fully involved in the policy process even once the formal advice to the EC is completed.</p> <p>We welcome EIOPA's general findings in this report and in the recent IDD application report, that the IDD proves a solid and market appropriate framework for the distribution of insurance. The report also highlights that, given the short period of application of the IDD and the fact that the impact of legislative change takes time to bed-in, it is too early to draw robust conclusions about the application of the IDD. Given this, the starting point should be to maintain the current rules coupled with supervisory measures where needed, instead of introducing legislative changes.</p>	Noted

	<p>There has been significant focus on the differences between IDD and MiFID, but it is crucial to also understand the reasons behind these differences. Retail investment products, which are subject to MiFID II are purely for investment purposes and are held in individual accounts. Insurance-based investment products (IBIPs), on the other hand, combine investment and risk cover. Their investment is made collectively for the entire community of policyholders. This collective element works as a wrapping of protection for customers. Moreover, the Insurance distribution system is fundamentally different to the distribution of banking or fund -based products. EIOPA’s report highlights many of the key reasons why this is the case.</p> <p>We would also like to emphasise the importance of the proportionality principle in assessing any new proposals. Regulation should always be designed to meet the needs of consumers while not being overly burdensome for insurers. This is particularly true in relation to the section on product complexity but is a common theme throughout our response. It should also be highlighted that additional legal requirements generally lead to increased costs for companies and ultimately then consumers.</p> <p>We also have some concerns regarding the supervisory architecture for insurance distribution and the future supervision of the IBIPs market. The consultation does not deal directly with this issue, but it is evident that if there is further harmonisation of rules between IBIPs and funds (beyond that already seen in PRIIPs), the supervisory system will need to adapt to ensure IBIPs continue to be subject to insurance specific supervision. Therefore, a clear definition of supervisory competences and responsibilities between the ESAs is necessary.</p> <p>We would also note that IDD was deliberately designed as a minimum harmonisation Directive. This minimum harmonisation approach allows the necessary flexibility to consider local market structures and consumer behaviour. Access to advice, for those consumers who would benefit from it, is vital in all markets to increase consumer participation and trust in capital markets. Measures taken under the RIS should not restrict consumers’ ability to access affordable high quality advice by working within</p>	
--	--	--

		<p>existing market structures.</p> <p>We have some concerns with the timeline for the work. We understand that the short timeline is unavoidable given EIOPA's deadline of April 2022, but four weeks is insufficient to provide full feedback and has not given stakeholders enough time to consider some of the new proposals in sufficient detail. It is vital that there are further opportunities for stakeholder input as the EC's work progresses, and that such short consultation periods do not become the norm. It is also unfortunate that the results of the external study on distribution and disclosures have not been published in time to inform EIOPA's draft report or our response to the consultation.</p> <p>We would also like to stress the difficulties created by having several concurrent workstreams. The consultation deals with the PRIIPs Regulation but this is currently subject to potential amendments as part of the ESAP initiative and the revised RTS are not yet implemented. Similarly, IDD rules on suitability assessments will shortly be updated to include sustainability preferences, while IDD in its entirety has only been in force for a matter of years. These ongoing changes make it difficult to fully assess the functioning of current regulation. This is compounded by the addition EC consultation on suitability assessments launched on 21st February</p>	
EIOPA IRSG	Q0	<p>A summary of views provided by IRSG members can be found in Annex II to the consultation paper and provides more background to some of the responses provided here.</p> <p>The IRSG acknowledges that the short timeline for stakeholder responses is due to the tight deadline set by the European Commission to provide the final advice by April. However, the IRSG believes that this timeframe must be an exception and not set a precedent for future consultation. There have been several incredibly short deadlines on consultations recently and limits the possibility for the IRSG to provide full feedback.</p> <p>One particular issue that the IRSG would like to raise is the importance of financial education to consumers. In this regard some IRSG members would like to draw</p>	<p>Noted. EIOPA was not requested by the Commission to address specifically the issue of financial education in its Call for Advice, but has made reference to it in the context of demand-side initiatives in the sales process. Financial education is, however, a complementary tool and cannot replace effective conduct of business regulation.</p>

		<p>particular attention to the role of social media today with the rise of ‘neo-brokers’, which makes it more important and urgent to have financial education integrated into mandatory schooling curricula. The group notes that the role of the advisor remains key - provided it is bias-free - to explaining, reassuring and presenting a varied range of financial market diversification vehicles with different investment horizons.</p> <p>Some members noted that this consultation that presents itself as proposing small changes, but that in fact includes proposals that could potentially drastically undermine the level playing field agreed upon after years of discussion in the IDD and have a much more important impact in terms of costs and burden for SMEs in the insurance market than for large integrated distribution systems.</p> <p>These members called for more study and impact assessment is necessary to assess the “combined” impact that some of the proposals will have.</p> <p>These members find that the “the issues” on the “intermediation” side of the market are covered in the IDD and now have to find to their way into the market. Focus should now be on POG rules and issues higher up in the chain in the product manufacturing area. Sustainability and adapting the disclosures to the digital market should now be the priority.</p> <p>Some members noted that that regulation needs to follow evolutions in a quickly changing world but besides the issues related to the development of AI and the sustainability aspects, we do not identify issues which did not already exist at the time the IDD was adopted. Changing regulation is burdensome, costly for SMEs and keeps intermediaries away from their clients who need service. Constantly changing new rules (and IDD or IBIP’s related rules are not the only ones the intermediaries have to comply with) reduces the time available for advising, serving or accompanying clients. For a sector with mainly small and medium sized operators this is extra burdensome.</p>	
<p>BIPAR – provided separate supporting documents</p>	<p>Q0</p>	<p>BIPAR supports CMU objectives, that is to say to ensure that retail investors can take full advantage of the capital markets, to put capital markets at the service of people, offering them both increased investment opportunities, and strong investor protection.</p>	<p>Noted, also re the limited time for public consultation, which was down to the tight deadlines set by the</p>

	<p>In the insurance-based investment and pure investment area, BIPAR groups associations of thousands of micro or small and SME-size intermediaries and financial advisers who are daily and locally dealing with investors, many of these investors being the small, private “consumers” that the Retail Investment Strategy will focus on.</p> <p>We regret the limited time to respond to this consultation that seems to propose small changes/ “no revolution but evolution”, but that in fact includes proposals that could potentially drastically undermine the level playing field agreed upon after years of discussion on the IDD and could have a much more important impact in terms of costs and burden for SMEs in the insurance market than for large integrated distribution systems.</p> <p>More analysis and impact assessments are necessary to assess the “combined” impact that some of the proposals could have on the sector. Some of the changes will also affect the non-life part of IDD and impact study is also necessary in this respect.</p> <p>We agree that regulations need to follow evolutions in a quickly changing world but besides the issues related to the development of AI and the sustainability aspects, today we do not identify issues which did not already exist at the time the IDD was adopted.</p> <p>Constantly changing regulation is burdensome, costly for SMEs and keeps intermediaries away from their clients who need service.</p> <p>IDD or IBIPs rules are not the only (recent) EU rules intermediaries have to comply with (GDPR, AML etc...) and very often these rules come in addition to specific national rules. For a sector with mainly small and medium sized operators this is burdensome.</p> <p>The principles laid down in the IDD are genuinely protective of the customer. We therefore call upon regulators to first use the powers they have under the IDD to correct or adjust issues rather than creating new rules. Even for the digital transformation, the</p>	<p>European Commission for EIOPA to deliver its technical advice.</p> <p>Noted re need for more supervision and enforcement by NCAs, but there is a gap in the existing regulatory framework, supervision and enforcement will not be effective either.</p>
--	--	---

		<p>IDD provides for activity-based rules which can apply via other means than changing regulation.</p> <p>Regarding digital tools, without denying the important contributions of these tools to the distribution of IBIPS products, and while underlining once again that insurance and financial intermediaries are using these tools daily in their relations with their clients, we regret that EIOPA’s consultation paper does not mention enough the importance of the “human aspect”, the protection that an intermediary (not a robo-adviser), close to his/her clients, can offer to them when buying products that involve their savings.</p>	
Assuralia	Q0	<p>Assuralia sees the opportunity to comment on EIOPA’s draft advice to the European Commission (EC). The EC’s upcoming retail investment strategy has the potential to significantly impact the insurance industry and it is vital that the specific nature of our industry is considered in any legislative proposals. In this regard, EIOPA’s detailed and balanced analysis of the current functioning of the market, and assessment of potential policy options is welcome. It is important that EIOPA continues to be fully involved in the policy process even once the formal advice to the EC is completed.</p> <p>We welcome EIOPA’s general findings in this report and in the recent IDD application report, that the IDD proves a solid and market appropriate framework for the distribution of insurance. The report also highlights that, given the short period of application of the IDD and the fact that the impact of legislative change takes time to bed in, it is too early to draw robust conclusions about the application of the IDD. Given this, the starting point should be to maintain the current rules coupled with supervisory measures where needed, instead of introducing legislative changes.</p> <p>There has been significant focus on the differences between the IDD and MiFID, but it is crucial to also understand the reasons behind these differences. Retail investment products, which are subject to MiFID II are purely for investment purposes and are held in individual accounts. Life insurance products, on the other hand, combine investment and risk taking. Moreover, the Insurance distribution system is fundamentally different to the distribution of banking or fund -based products.</p>	Noted

		<p>Eiopa's report highlights many of the key reasons why this is the case.</p> <p>We would also like to stress the difficulties created by having several concurrent workstreams. The consultation deals with the PRIIPs Regulation, but this is currently subject to potential amendments as part of the ESAP initiative and the revised RTS are not yet implemented. Similarly, IDD rules on suitability assessments will shortly be updated to include sustainability preferences, while IDD in its entirety has only been in force for a matter of years. These ongoing changes make it difficult to fully assess the functioning of current regulation.</p> <p>We highly appreciate Eiopa's attention with regard to the problem of information overload.</p>	
Italian Banking Association	Q0		
AGEA (French association of general insurance agents) – provided separate supporting documents	Q0	<p>Agéa is the French Federation of General Insurance Agents. It represents the profession at the national and European levels, and defends the interests of general insurance agents and individual members (11 513 agents in France according to the 2020 report of the French registry of financial intermediaries – ORIAS; and approximately 26 000 employees). 66% of active general agents are members of agéa. The federation brings together 15 professional organizations, each representing a network of agents. The federation is structured in 12 regional chambers. Their mission is to support and to train general agents all along their career.</p> <p>Agéa's answers focus only IBIPs, non-life insurance excluded.</p> <p>As a general remark, it should be emphasized that the principles laid down in the IDD are truly protective of the client. In particular for the distribution of IBIPs, which benefits from specific provisions.</p> <p>Before starting any legislative review, Agéa is of the opinion that it would be better for national supervisory authorities (NCA) to ensure that problematic situations in</p>	<p>Noted re need for more supervision and enforcement by NCAs, but there is a gap in the existing regulatory framework, supervision and enforcement will not be effective either.</p>

	<p>their respective markets are addressed and sanctioned. Yet, according to the EIOPA's "Second annual report on administrative sanctions and other measures under the Insurance distribution directive (IDD)" the sanctions imposed so far do not specifically target IBIPs. Moreover, EIOPA affirms that these sanctions are part of a transitory phase between the Insurance Mediation Directive (IMD) and the Insurance Distribution Directive (IDD). Would it not be preferable to complete this process before taking legislative action again?</p> <p>Furthermore, it must be ensured that legislative developments are manageable in terms of organization and costs for small companies, such as general insurance agent businesses by ensuring that the principle of proportionality is effectively applied.</p> <p>Regarding each category of the draft advice:</p> <p>§ The will to streamline legislation is relevant. Rationalizing client information would be a positive step. Documentation volumes must be reduced where possible.</p> <p>§ Digital tools and channels appear to account for a large part of the draft advice. Without denying the contribution of these tools, it is important to keep in mind the necessary trust relationship between an identified distributor and the client when the products involve client's savings. It is only under this condition that the client will be able to benefit from a global approach of his situation. It is an assessment that pre-configured machines will never be able to make. We may add that the national habits of customers must be taken into consideration: "The success, at least in France, of the multi-channel model (as opposed to direct-only) shows customers' expectation to be able to maintain human contact with their insurer". (Eurogroup Consulting's study « Transformation des modèles de distribution. Où en sont les assureurs? », Sept. 2018, Own translation).</p> <p>§ Conflicts of interest in the sales process: General agents are exclusive distributors remunerated by the commissions paid by the insurer that mandates them and under which they brand their services. They disagree with the analysis according to which</p>	
--	--	--

		<p>commissions are incentives intrinsically linked with conflicts of interest (see Q12).</p> <p>§ Sale process: In the interest of policyholders, the question raised is to what extent the simplification and the automation of the distribution of IBIPs does or does not lead to an increased risk for the policyholder? This could be perceived as the “commoditization” of a complex process, and it should be taken into consideration. It is also worth recalling that France, for instance, has been committed to a high level of diligence concerning the distributor’s advisory duties, even before the IDD came into force. The future legislative framework should preserve this approach at Member-State level.</p> <p>§ Product complexity: regardless of the legislative approach, insurance agents have made one clear observation: all IBIPs are complex for the client.</p> <p>Finally, it should be noted that investors keep favouring investment security over performance. The COVID-19 crisis has accentuated this trend (« Revenus et Patrimoine des ménages », INSEE, May 27th, 2021). Nonetheless, French households have invested some of their surplus savings, estimated at 130 billion euros in 2020, in riskier unit-linked products. This trend leads us to question the different types of investments, and in particular the need to preserve the specificities of insurance-based investment products, which are still attractive for consumers.</p> <p>All textual references are available online.</p>	
ANASF	Q0		
Austrian Insurance Association (VVO) – provided separate supporting documents	Q0	<p>The VVO (Austrian Insurance Association) would like to welcome the opportunity to comment on EIOPA’s draft advice to the European Commission (EC). The EC’s upcoming Retail Investment Strategy (RIS) has the potential to significantly impact the insurance industry and it is vital that the specific nature of our industry is considered in any legislative proposals. In this regard, EIOPA’s detailed and balanced analysis of the current functioning of the market, and assessment of potential policy options is welcome. It is important that EIOPA continues to be fully involved in the policy process even once the formal advice to the EC is completed.</p>	Noted

	<p>We welcome EIOPA’s general findings in this report and in the recent IDD application report, that the IDD proves a solid and market appropriate framework for the distribution of insurance. The report also highlights that, given the short period of application of the IDD and the fact that the impact of legislative change takes time to bed-in, it is too early to draw robust conclusions about the application of the IDD. Given this, the starting point should be to maintain the current rules coupled with supervisory measures where needed, instead of introducing legislative changes.</p> <p>There has been significant focus on the differences between the IDD and MiFID, but it is crucial to also understand the reasons behind these differences. Retail investment products, which are subject to MiFID II are purely for investment purposes and are held in individual accounts. Insurance-based investment products (IBIPs), on the other hand, combine investment and risk cover. Their investment is made collectively for the entire community of policyholders. This collective element works as a wrapping of protection for customers. Moreover, the Insurance distribution system is fundamentally different to the distribution of banking or fund -based products. EIOPA’s report highlights many of the key reasons why this is the case.</p> <p>We would also like to emphasise the importance of the proportionality principle in assessing any new proposals. Regulation should always be designed to meet the needs of consumers while not being overly burdensome for insurers. This is particularly true in relation to the section on product complexity but is a common theme throughout our response. It should also be highlighted that additional legal requirements generally lead to increased costs for companies and ultimately then consumers.</p> <p>We also have some concerns regarding the supervisory architecture for insurance distribution and the future supervision of the IBIPs market. The consultation does not deal directly with this issue, but it is evident that if there is further harmonisation of rules between IBIPs and funds (beyond that already seen in PRIIPs), the supervisory system will need to adapt to ensure IBIPs continue to be subject to insurance specific supervision. Therefore, a clear definition of supervisory competences and</p>	
--	--	--

		<p>responsibilities between the ESAs is necessary.</p> <p>We would also note that IDD was deliberately designed as a minimum harmonisation Directive. This minimum harmonisation approach allows the necessary flexibility to consider local market structures and consumer behaviour. Access to advice, for those consumers who would benefit from it, is vital in all markets to increase consumer participation and trust in capital markets. Measures taken under the RIS should not restrict consumers' ability to access affordable high quality advice by working within existing market structures.</p> <p>While we are grateful for the opportunity to comment on EIOPA's draft advice, we have some concerns with the timeline for the work. We understand that the short timeline is unavoidable given EIOPA's deadline of April 2022, but four weeks is insufficient to provide full feedback and has not given stakeholders enough time to consider some of the new proposals in sufficient detail. It is vital that there are further opportunities for stakeholder input as the EC's work progresses, and that such short consultation periods do not become the norm. It is also unfortunate that the results of the external study on distribution and disclosures have not been published in time to inform EIOPA's draft report or our response to the consultation.</p> <p>We would also like to stress the difficulties created by having several concurrent workstreams. The consultation deals with the PRIIPs Regulation but this is currently subject to potential amendments as part of the ESAP initiative and the revised RTS are not yet implemented. Similarly, IDD rules on suitability assessments will shortly be updated to include sustainability preferences, while IDD in its entirety has only been in force for a matter of years. These ongoing changes make it difficult to fully assess the functioning of current regulation. This is compounded by the addition EC consultation on suitability assessments launched on 21st February.</p>	
<p>Bund der Versicherten (BdV - German Association of Insured)</p>	<p>Q0</p>	<p>We strongly welcome that EIOPA - via this consultation - again addresses the very difficult and important issue of product complexity versus product simplification which is crucial from the consumer's perspective.</p>	<p>Noted and agree that product complexity must not be limited to criteria originating from the securities markets</p>

		<p>Therefore we want to stress again that "product complexity" must not be limited to the "criteria originating from the securities market". For sure any investment decision is - from customer's perspective - a very complex one with or without an "insurance wrapper". But an IBIP is - in comparison to a retail investment product - even much more "complex", because it contains the "insurer wrapper" as well, i.e. it combines long-term savings / investment procedures with a biometric risk coverage (mainly death and disability). And during the pay-out phase the biometric risk coverage of longevity is included. In consequence the mostly opaque mechanisms of costs and of possible benefits not only for the investment part of the premiums, but for the biometric risk coverage as well have to be taken into consideration when assessing the "complexity" of an IBIP. That is why any IBIP has to be considered as a very "complex" product by its fundamental product design. The possible application of the principle of proportionality, in order to reduce any information and monitoring duties by distributors and product providers for apparently less complex IBIPs, should therefore be guided by the over-arching premise of preventing from consumer detriment.</p>	
<p>Fédération Bancaire Française – provided separate supporting documents</p>	<p>Q0</p>	<p>FBF welcomes the opportunity given by EIOPA to respond to this Call for evidence under the European Commission’s mandate on certain aspects relating to retail investor protection.</p> <p>First of all, French banks would like to recall that they are advocating for regulatory stability, hardly four years after the implementation of IDD.</p> <p>Thus, FBF believes it is essential not to add new layers to a regulatory framework (IDD, PRIIPs and MIFID II) that has already been made very comprehensive and effective for investor protection.</p> <p>FBF regrets that EIOPA did not allow more time for stakeholders to respond to this consultation given the importance of the topics addressed.</p> <p>Due to the lack of time to go into the questions in depth, FBF will respond to them in a very brief manner.</p>	<p>Noted re the short deadline for the public consultation which was due to the tight deadlines set by the European Commission for delivering technical advice</p>

Gesamtverband der Deutschen Versicherungswirtschaft e. V. – provided separate supporting documents	Q0	First, we would like to thank EIOPA for the work already done in such a short time. We appreciate this thoroughly reasoned draft. EIOPA’s general findings in this report and the recent IDD application report confirm our view that the IDD constitutes a robust and market-appropriate framework for the distribution of insurance-based investment products (IBIP). Although critical points remain, this draft provides a solid foundation for more in-depth discussions and stakeholders’ engagement.	Noted
ING Bank NV	Q0	<p>ING is a broad retail bank offering a wide range of services to retail clients across the EU, with specific services for each location. As a bank we aim to increase our digital offering for retail customers and offer these customers simple service with real added value. Our current services give us relevant insights in the challenges facing retail clients wishing to invest in financial instruments and the banks wishing to serve them with services that are geared at their needs.</p> <p>Across our countries in- and outside the EU we act as a distributor for insurance products like the IBIPs alongside Investment Products. We see the need to harmonize regulation as well making this future proof and digital ready in order to keep safe and compliant as well keeping up with our customers' demand and needs.</p>	Noted
Bundesverband Deutscher Vermögensberater – provided separate supporting documents	Q0	<p>Wir bedanken uns für die Gelegenheit, im Rahmen der EIOPA-Konsultation zum Beratungsentwurf zu bestimmten Aspekten des des Schutzes von Kleinanlegern eine Stellungnahme abgeben zu dürfen. Diese nutzen wir gerne und führen wie folgt aus:</p> <p>Als ältester und mitgliederstärkster Berufsverband vertreten wir seit 1973 die Interessen von derzeit rund 15.000 Mitgliedern und Mitgliedsunternehmen mit insgesamt mehr als 37.000 Vermögensberatern, die monatlich über 400.000 Beratungs- und Verkaufsgespräche führen. Zugleich fühlen wir uns auch den Interessen der rund 6 Millionen Kundinnen und Kunden unserer Verbandsmitglieder verpflichtet.</p> <p>Die Beratungs- und Vermittlungsleistungen unserer Mitglieder beschränken sich satzungsgemäß nur auf bundesaufsichtsamtlich geprüfte Produkte des</p>	Noted

		<p>Finanzdienstleistungsmarktes. Hierzu zählen zahlreiche Altersvorsorgeprodukte, Versicherungsverträge jeglicher Art, Bausparverträge, Investmentfondsprodukte sowie die Vermittlung von Baufinanzierungen. In der Regel sind unsere Mitglieder Kleinunternehmen, die nahezu ausschließlich als natürliche Personen arbeiten.</p> <p>Ausdrücklich möchten wir betonen, dass unseren Verbandsmitgliedern die Vermittlung von Produkten des sog. Grauen Kapitalmarktes satzungsgemäß untersagt ist.</p> <p>Wir legen an dieser Stelle besonderen Wert auf die Feststellung, dass die Mitglieder unseres Verbandes sich bei ihrer Arbeit zudem seit über vier Jahrzehnten bereits an den 1973 vom Bundesverband Deutscher Vermögensberater für seine Mitglieder aufgestellten „Richtlinien für die Berufsausübung“ und den „Grundsätzen für die Kundenberatung“ orientieren. Lange bevor Begriffe wie Vertriebscompliance aufkamen, war dies in unserem Verband schon gelebte Praxis.</p>	
Actuarial Association of Europe	Q0	The AAE is very pleased to have the opportunity to contribute to this consultation. As the topics related to product design and therefore complexity are the most relevant to our members' competences and activities, this is where we are focusing our responses.	Noted
Die Deutsche Kreditwirtschaft	Q0		
Allianz SE	Q0		
FECIF	Q0		
Sparbanken Skåne AB (publ)	Q0	No	
VOTUM Verband	Q0		
Bundesverband Deutscher Versicherungskaufleute	Q0	Der BVK befürwortet grundsätzlich einen stabilen Regulierungsrahmen. Dieses gilt auch für die Ziele der CMU (Capital Market Union), die sicherstellen sollen, dass Kleinanleger die Kapitalmärkte in vollem Umfang nutzen können, indem sowohl bessere Anlagemöglichkeiten als auch ein starker Anlegerschutz geboten werden.	Noted re support for extensive transparency with regard to meaningful information on the costs incurred and how the costs can affect the return on investments.

	<p>Den bestehenden Regulierungsrahmen sollte man jedoch nur dann ändern, wenn Änderungen und ihre Folgen notwendig sind und Abschätzungen im Hinblick auf Kosten und Rationalisierung dieses auch belegen. In diesem Zusammenhang möchten wir auch berücksichtigt wissen, dass die Gesamtüberprüfung der IDD für den Zeitraum 2023 und 2024 zwar geplant ist, Untersuchungen in der Vergangenheit jedoch gezeigt haben, dass vielfach noch genaue Daten fehlen, um zwingende Neuerungen zu fordern.</p> <p>Auch unterstützt der BVK eine weitgehende Transparenz in Bezug auf aussagekräftige Informationen zu den anfallenden Kosten. Zu viele Details können jedoch kontraproduktiv oder irreführend sein. Bei Anlageprodukten ist es für den Kunden wichtig zu verstehen, wie sich die Kosten auf die Rendite der Anlagen auswirken können. In dieser Hinsicht bestehen wir auf der Notwendigkeit gleicher Wettbewerbsbedingungen und einer Vergleichbarkeit von Produkten und Lösungen.</p> <p>Der BVK befürwortet des Weiteren die Wahl zwischen den verschiedenen Geschäfts- und Vergütungsmodellen. Der derzeitige Rechtsrahmen und die Aufsicht stellen sicher, dass die Anreizregelungen angemessen gestaltet sind. Der derzeitige Rechtsrahmen ermöglicht die Wahl zwischen verschiedenen Geschäftsmodellen und stellt für den Verbraucher eine transparente Basis dar. Wir sind der Auffassung, dass das provisionsbasierte System im Allgemeinen zu einem breiten Zugang und zur Erschwinglichkeit von Beratungen und Empfehlungen führt und dadurch Beratungslücken vermeidet.</p> <p>Wir sind ebenfalls der Auffassung, dass die Vorschriften den Entwicklungen in einer sich schnell verändernden Welt folgen müssen. Abgesehen von Fragen bezüglich der Entwicklung von künstlicher Intelligenz oder den Nachhaltigkeitsaspekten sehen wir jedoch keine weiteren Probleme, die nicht auch bereits zum Zeitpunkt der ersten Revision der IDD bestanden. Sich immer ändernde Vorschriften sind mühsam und kostspielig für Vermittler und Kunden, die Dienstleistungen benötigen. Für einen</p>	
--	--	--

		<p>Sektor mit hauptsächlich kleinen und mittleren Anbietern ist dieses eine unerträgliche Belastung. Darüber hinaus möchten wir festhalten, dass die bestehenden Vorschriften den Unterschied zwischen Versicherungen und Anlagen widerspiegeln. Dabei sollte es auch bleiben.</p>	
<p>Question 1: Q1. What do you consider currently to be the most burdensome duplicative requirements between the different legislative frameworks? Do you consider there to be any duplicative disclosures which EIOPA have identified above between different legislative regimes to be not particularly burdensome for insurance undertakings or insurance intermediaries to comply?</p>			
<p>Polish Chamber of Insurance</p>	<p>Q1</p>	<ul style="list-style-type: none"> • PIU would like to draw attention to information overload. • All duplicative requirements are burdensome for insurance companies and intermediaries, as well as confusing for consumers. • We need to remove duplications, take out unnecessary information and cross-referencing, to avoid repetitions and guarantee consistency within and between the documents. • In general, the information provided in one document does not need to be included in another one; in this case, providing a link to the first document should be sufficient. • PRIIPs-KID is standardized and not personalized, Solvency II is pre-contractual partly personalized information; any redundancies would have to be analysed more closely. • In principle, the idea of consistently locating issues of market supervision in the IDD, while solvency supervision is/remains regulated in Solvency II, is to be welcomed. • Furthermore, we agree with EIOPA's considerations on digital information. Future regulations should emphasize the digital transmission of information. Providing information in a digital format should be the default option. Customers should, however, be able to opt to receive the information on paper. • Difficulties but also chances result from having legislative procedures and 	<p>Noted. EIOPA is of the view that existing duplications between Solvency II and PRIIPs KID disclosure requirements could be addressed by disapplying non-personalised Solvency II pre-contractual disclosures.</p> <p>Disagreed. Cross-referencing has not been identified as a viable option to avoid the duplications.</p> <p>Agreed. EIOPA notes that a number of provisions in the IDD relating specifically to the distribution of IBIPs are already subject to disclosures in the format of a "durable medium". Notwithstanding this, although EIOPA can see some benefits in inverting the current approach in the IDD regarding the format of disclosures completely from a "paper by default" to a "digital by default" approach to take account of the ongoing digital transformation,</p>

		<p>supervisory workstream in parallels, such as the consultation on the PRIIPs Regulation and the IDD amendments to include sustainability issues into the advice and sales process.</p> <ul style="list-style-type: none"> • We agree in principle that disapplying unnecessary duplicative disclosure requirements may be useful but the duplication (and possible disapplication of duplications) of certain disclosures should be carefully studied and not on a “rule” to “rule” comparison basis. 	<p>it would be important that the IDD keeps the option for consumers to ask for information both pre-contractually or periodically, on paper or in a printable format if they wish, considering that some segments of the population may still prefer to receive the information on paper.</p>
BETTER FINANCE	Q1	<p>We agree with EIOPA’s proposals, and we believe that a few, factual information, such as the identities, contact details and addresses of insurance intermediaries are not particularly burdensome for consumers and can be kept (cf. tables 1 and 2, p. 12/13 of CP).</p>	<p>Agreed.</p>
Irish Life Assurance PLC	Q1	<p>Irish Life Group supports the work done by EIOPA to identify and address duplication.</p> <p>As evidenced through the consultation, there are a number of identical disclosure requirements which are spread across different legislative regimes.</p> <p>Maintaining and delivering numerous overlapping disclosures is burdensome and, in turn, increases the compliance effort for firms and increases the risk of information overload for customers. Numerous overlapping disclosures can add unnecessary complexity for consumers and makes it more difficult to identify the pertinent information.</p> <p>We support the use of layering and cross-referencing information through hyperlinks which should be promoted to avoid duplication. Additionally, we also support the variation of how information is delivered and the enhancement of consumer engagement through more modern means of communication such as YouTube broadcasts and podcasts etc.</p> <p>Any new legislative proposal needs to be subject to consumer testing to understand whether the objective of simplification and consumer comprehensibility has been met. We would also suggest that, as part of any new proposals, an onus should be</p>	<p>Noted.</p> <p>Noted.</p> <p>Partially agreed. EIOPA is of the view that consumer disclosures need to be presented in a radically simpler and more user-friendly format to work better, without however depriving the consumer of all useful information. A more user-friendly format could entail making sure the most important information stands out, allowing the use of layering, the use of icons, etc.</p>

		placed on national regulators to ensure that any local requirements do not unnecessarily duplicate or overlap with EU principles or requirements.	<p>However, disagreed on cross-referencing which has not been identified as a viable option to avoid the duplications.</p> <p>Agreed. The starting point when designing consumer disclosures should be behavioural research and enabling sufficient time and resources for consumer testing.</p>
Unipol Gruppo S.p.A.	Q1	<p>In our view, the most burdensome duplicative requirements do not stem directly from EU legislation but from the cumulative effects of EU and national provisions. Indeed, when implementing EU directives, national policy-makers tried to take into account and avoid the duplicative information requirements pointed out by EIOPA, but this attempt has not been completely successful. For example, Italian legislator required insurance undertakings to provide an “additional IPID” which is not envisaged by the IDD and replicates information already provided either in the IPID or in the general terms and conditions document. Providing the same information more than once during the pre-contractual phase does not produce any value for the client and fosters information overload, adding up more to the already huge amount of information to be provided.</p> <p>Therefore, in order to not undermine the effectiveness of the upcoming EU policy initiatives aimed at tackling information overload, EU legislators should consider introducing the duty for Member States to assess the cumulative impact of EU and national disclosure requirements and adopt the necessary measures towards a simpler, lighter and more effective information disclosure for the investors.</p>	Noted. EIOPA however is providing advice to the Commission only with regard to European legislation, not additional national rules
Dutch Association of Insurers	Q1		

<p>France Assureurs (Fédération Française de l'Assurance)</p>	<p>Q1</p>	<p>France Assureurs appreciates EIOPA’s analysis and supports EIOPA’s commitment to remove repetitions and streamline consumer disclosures. Any duplication is rooted in legislative requirements, hence burdensome from a compliance point of view, as well as confusing for consumers, who need concise, simple and clear information.</p> <p>However, EU rules developed in silos are currently overwhelming consumers with too much information, including disclosures repeated multiple times in different formats and wordings. For example, when buying an IBIP online, EU rules require insurers to provide consumers with 161 pieces of pre-contractual information, and this figure will soon rise to 190 for sustainable IBIPs.</p> <p>Eliminating and avoiding future duplications is a much-needed first step in simplifying the consumer journey. France Assureurs also recommends taking out unnecessary information and using cross-referencing, to avoid repetitions and guarantee consistency within and between the documents. The information provided in one document does not need to be included in another one; in this case, providing a link to the first document should be sufficient. France Assureurs also agrees with EIOPA that future disclosures need to be designed as a comprehensive solution from the perspective of the consumer, replacing existing documents and not simply being added on top of the existing disclosure requirements.</p> <p>As to further simplifications, France Assureurs strongly supports EIOPA’s intention to allow a “digital by default” approach in the IDD, with the option for consumers to ask for information on paper or in a printable format if they wish. The use of paper as default medium does not reflect consumers’ preferences: according to a recent Insurance Europe survey, 72% of respondents prefer to receive information on products digitally rather than on paper. France Assureurs also welcomes EIOPA’s encouragement of layering and other techniques that can make disclosures more engaging and put consumers in control of the amount and type of information they wish to receive.</p> <p>When considering further interventions on disclosures, prior to any legislative action,</p>	<p>Noted.</p> <p>EIOPA is of the view that existing duplications between Solvency II and PRIIPs KID disclosure requirements could be addressed by disapplying non-personalised Solvency II pre-contractual disclosures.</p> <p>Disagreed. Cross-referencing which has not been identified as a viable option to avoid the duplications.</p> <p>Agreed. EIOPA notes that a number of provisions in the IDD relating specifically to the distribution of IBIPs are already subject to disclosures in the format of a “durable medium”. Notwithstanding this, although EIOPA can see some benefits in inverting the current approach in the IDD regarding the format of disclosures completely from a “paper by default” to a "digital by default" approach to take account of the ongoing digital transformation, it would be important that the IDD keeps the option for consumers to ask for information both pre-contractually</p>
---	-----------	---	---

	<p>EU Institutions need to perform consumer testing on a broad and diverse sample of consumers in different markets, technical testing on all the products in scope and a careful impact assessment. Consumers testing by EU Institutions is critical to measure consumers' level of understanding of the information they might receive because of new legislation in a real-life situation - where they are not only confronted with a single graph or indicator, but with a full set of documents - and weight the benefits of any new proposals. Therefore, France Assureurs agrees with EIOPA statement that consumer testing needs to be done as part of the process of drafting the Level 1 rules and delegated acts, so that the choices at that level also reflect behavioural insights.</p> <p>On the other hand, it is not the role and responsibility of insurers to carry out consumer testing on product disclosures, as this would require costly investments and a complex expertise. Besides, a consumer testing at company level would come by far too late in the process: insurers develop pre-contractual disclosures in compliance with the EU legislation and local requirements, and they cannot fix elements that are prescribed in the legislative texts.</p> <p>Stakeholders' consultation is also key to integrate real-world experience into the legislative process, provided that full details of the proposals are explained in the consultation paper and sufficient time is allowed to carefully consider the impacts of any proposal.</p> <p>In general, rushed and not properly coordinated legislative initiatives are not propaedeutic of high-quality disclosures. For example, the EC Call for Advice on certain retail investor protection aspects, including disclosures, runs in parallel with the one on essential aspects of the Key Information Document (KID), while the recent EC proposals on the European Single Access Point (ESAP) prematurely include the KID contents that are still under review. New provisions for the design and sales of sustainable investment products are yet to enter full application, revised PRIIPs Regulatory Technical Standards (RTS) are not yet implemented, and insurers are still receiving supervisory guidance on both the current rules and the new ones. On 21 February, the EC also launched a consultation on suitability and appropriateness</p>	<p>or periodically, on paper or in a printable format if they wish, considering that some segments of the population may still prefer to receive the information on paper.</p> <p>Agreed. The starting point when designing consumer disclosures should be behavioural research and enabling sufficient time and resources for consumer testing.</p> <p>Noted.</p> <p>Noted. EIOPA is providing advice to the Commission upon the Commission's request.</p>
--	--	---

		aspects leaving 4-weeks to comment on very new proposals. If the different initiatives are not examined in depth, the risk is to undermine the quality of the services and the accuracy of the information received by consumers. In this respect, it is regretful that the outcomes of the EC public consultation and the EC external study on key aspects of the RIS are not publicly available and cannot inform a more evidence-based public debate.	
Länsförsäkringar	Q1		
ASSORETI - Association of intermediaries which provide investment advice service through their network of qualified individual financial advisors.	Q1	<p>Beyond the needs of simplification correctly identified by this Authority, we would also like to represent the need to coordinate the IDD and the MiFID II with regard to the ex post disclosure regime for IBIPs.</p> <p>Furthermore, consideration must also be given to the need for a regime of ex post disclosure costs and charges that is aligned with the one established by the MiFID II.</p> <p>This would result in two positive effects:</p> <ol style="list-style-type: none"> 1. customers would receive complete and consistent disclosure for their investment portfolios, composed by both financial instruments and IBIPs; 2. distributors would adopt uniform procedures for providing this disclosure with significant cost benefits. 	<p>Noted.</p> <p>Noted. However EIOPA has not focused on MiFID vs PRIIPs and IDD cost disclosure in its advice, as MiFID does not apply to IBIPs.</p>
Insurance Ireland	Q1	<p>We support EIOPA's commitment to remove repetitions and streamline disclosures. To prevent information overload, disclosures should be clear, meaningful. Eliminating and avoiding future duplications represents a step in the right direction in simplifying the consumer journey. We agree with Insurance Europe that any repetitions between documents should be removed as they are confusing for consumers as well as burdensome for insurance companies and potentially act to disengage the consumer from their financial planning.</p> <p>In the future, regulation should be technology neutral and permit the provision of information in any format (which would include paper). Information should be</p>	<p>Agreed.</p> <p>Partially agreed. EIOPA is of the view that consumer disclosures need to be</p>

		<p>consumer-friendly and digital-friendly. However, we accept the European Commission’s move to a ‘digital first’ approach and as such, we support the use of layering, and cross-referencing through hyperlinks should be promoted to avoid this duplication. Additionally, we also support the variation in the provision of information and the enhancement of consumer engagement through more modern means of communication such as YouTube broadcasts and podcasts etc.</p> <p>Any new legislative proposal needs to be subject to consumer testing to understand whether the objective of simplification and consumer comprehensibility has been met.</p>	<p>presented in a radically simpler and more user-friendly format to work better, without however depriving the consumer of all useful information. A more user-friendly format could entail making sure the most important information stands out, allowing the use of layering, the use of icons, etc However, disagreed on cross-referencing which has not been identified as a viable option to avoid the duplications.</p> <p>Agreed. The starting point when designing consumer disclosures should be behavioural research and enabling sufficient time and resources for consumer testing.</p>
BEUC, The European Consumer Organisation	Q1	N/A	
ANIA	Q1	<p>In general terms, we support any simplification process that can result in the complete elimination of redundant information to reduce the current overload of customer information. This includes general information such as, for example, the identity and contact details of the insurance company, information on the term IBIP, information on the benefits of the product and the complaint handling procedures, as well as information on distribution costs.</p> <p>We are also in favour of the increase in "digitalised" information solutions, to be considered as default options, provided, however, that paper-based information is always allowed for the client who requests it.</p>	<p>Partially agreed. The identity and contact details are not particularly burdensome.</p> <p>Agreed. although EIOPA can see some benefits in inverting the current approach in the IDD regarding the format of disclosures completely from</p>

		<p>We suggest a possible consideration, in terms of appropriate feasibility, to measure the level of consumer understanding of the information they might receive in a concrete situation when confronted with a set of documents, by conducting preparatory tests for this purpose as part of the Level 1 standards development process.</p> <p>It will certainly be necessary to integrate information on insurance investment products with sustainability issues, also in the advice process.</p>	<p>a “paper by default” to a “digital by default” approach to take account of the ongoing digital transformation, it would be important that the IDD keeps the option for consumers to ask for information both pre-contractually or periodically, on paper or in a printable format if they wish, considering that some segments of the population may still prefer to receive the information on paper.</p> <p>Indeed, disclosures under Solvency II include sustainability disclosures.</p>
ACA	Q1		
Institut des actuaires (France)	Q1		
Spanish Banking Association	Q1		
Bundesarbeitsgemeinschaft zur Förderung der Versicherungsmakler (BFV)	Q1	<p>Wir begrüßen es, dass EIOPA Doppelerfordernisse der verschiedenen Rechtsrahmen thematisiert. Sowohl solche Doppelungen und Überschneidungen als auch die große Menge an erforderlichen Angaben führen zu unnötigen Belastungen und sind ineffizient. Auch der Verbraucher und dessen Verhalten sollten im Blickfeld jeglicher Regulierung stehen und beachtet werden. Der Kunde sollte mit einem Produktinformationsblatt klare, hochrelevante und zugleich in der Länge sehr überschaubare Informationen über den Anbieter und das Produkt erhalten. Ein Zuviel an Informationen ist kontraproduktiv für den Verbraucherschutz, denn dann werden die wichtigsten Informationen nicht mehr gewürdigt oder gar nicht mehr gelesen.</p>	Agreed.
Insurance Europe	Q1	<p>Insurance Europe appreciates EIOPA’s analysis and supports EIOPA’s commitment to removing repetition and streamlining consumer disclosures. Any duplication is rooted in legislative requirements, hence burdensome from a compliance point of view, as</p>	Agreed.

	<p>well as confusing for consumers, who need concise, simple and clear information.</p> <p>EU rules developed in silos are currently overwhelming consumers with too much information, including disclosures repeated multiple times in different formats and wordings. For example, when buying an IBIP online, EU rules require insurers to provide consumers with 161 pieces of pre-contractual information, and this figure will soon rise to 190 for sustainable IBIPs.</p> <p>Eliminating and avoiding future duplications is a much-needed first step in simplifying the consumer journey. Insurance Europe also recommends taking out unnecessary information and using cross-referencing, to avoid repetitions and guarantee consistency within and between the documents. The information provided in one document does not need to be included in another one; in this case, providing a link to the first document should be sufficient. Insurance Europe also agrees with EIOPA that future disclosures need to be designed as a comprehensive solution from the perspective of the consumer, replacing existing documents and not simply being added on top of the existing disclosure requirements.</p> <p>As to further simplifications, Insurance Europe strongly supports EIOPA’s intention to allow a “digital by default” approach in the IDD, with the option for consumers to ask for information on paper or in a printable format if they wish. The use of paper as the default medium does not reflect consumers’ preferences: according to a recent Insurance Europe survey, 72% of respondents prefer to receive information on products digitally rather than on paper. Insurance Europe also welcomes EIOPA’s encouragement of layering and other techniques that can make disclosures more engaging and put consumers in control of the amount and type of information they wish to receive.</p> <p>When considering further interventions on disclosures, prior to any legislative action, EU Institutions need to perform consumer testing on a broad and diverse sample of</p>	<p>Noted.</p> <p>Partially agreed. EIOPA is of the view that consumer disclosures need to be presented in a radically simpler and more user-friendly format to work better, without however depriving the consumer of all useful information. A more user-friendly format could entail making sure the most important information stands out, allowing the use of layering, the use of icons, etc However this has not been included in the advice to the Commission.</p> <p>Agreed. although EIOPA can see some benefits in inverting the current approach in the IDD regarding the format of disclosures completely from a “paper by default” to a "digital by default" approach to take account of the ongoing digital transformation, it would be important that the IDD keeps the option for consumers to ask for information both pre-contractually or periodically, on paper or in a printable format if they wish, considering that</p>
--	---	---

	<p>consumers in different markets, technical testing on all the products in scope and a careful impact assessment. Consumers testing by EU Institutions is critical to measure consumers' level of understanding of the information they might receive because of new legislation in a real-life situation - where they are not only confronted with a single graph or indicator, but with a full set of documents - and weight the benefits of any new proposals. Therefore, Insurance Europe agrees with EIOPA statement that consumer testing needs to be done as part of the process of drafting the Level 1 rules and delegated acts, so that the choices at that level also reflect behavioural insights.</p> <p>On the other hand, it is not the role and responsibility of insurers to carry out consumer testing on product disclosures, as this would require costly investments and very specific expertise. Besides, consumer testing at company level would come far too late in the process: insurers develop pre-contractual disclosures in compliance with the EU legislation and local requirements, and they cannot fix elements that are prescribed in the legislative texts.</p> <p>Stakeholder consultation is also key to integrating real-world experience into the legislative process, provided that full details of the proposals are explained in the consultation paper and sufficient time is allowed to carefully consider the impacts of any proposal.</p> <p>In general, rushed and not properly coordinated legislative initiatives are not propaedeutic of high-quality disclosures. For example, the EC Call for Advice on certain retail investor protection aspects, including disclosures, runs in parallel with the one on essential aspects of the Key Information Document (KID), while the recent EC proposals on the European Single Access Point (ESAP) prematurely include KID contents that are still under review. New provisions for the design and sales of sustainable investment products are yet to enter full application, revised PRIIPs Regulatory Technical Standards (RTS) are not yet implemented, and insurers are still receiving supervisory guidance on both the current rules and the new ones. On 21 February, the EC also launched a consultation on suitability and appropriateness aspects leaving 4-weeks to comment on very new proposals. If the different initiatives</p>	<p>some segments of the population may still prefer to receive the information on paper.</p> <p>Agreed. The starting point when designing consumer disclosures should be behavioural research and enabling sufficient time and resources for consumer testing.</p> <p>Noted. Consumer testing by the industry should be a good practice.</p> <p>Agreed.</p> <p>Noted. Noted. EIOPA is providing advice to the Commission upon the Commission request.</p>
--	--	---

		are not examined in depth, the risk is of undermining the quality of the services and the accuracy of the information received by consumers. In this respect, it is regretful that the outcomes of the EC public consultation and the EC external study on key aspects of the RIS are not publicly available and cannot inform a more evidence-based public debate.	
VOTUM Verband	Q1	Den Abbau von bürokratischen Hürden wie sich doppelnde Offenlegungsanforderungen begrüßen wir im Namen unserer Mitglieder. Doppelte Aufklärungspflichten sollten grundsätzlich vermieden werden. Hierbei ist jedoch in jedem Fall zu berücksichtigen, dass eine Gleichbehandlung aller Vermittlungswege erfolgen muss. Erleichterungen und Verbesserungen müssen für jeden Vertriebsweg Geltung entfalten. Es ist nicht akzeptabel, wenn Offenlegungspflichten nur im Fernabsatz nicht mehr anzuwenden wären. Für eine solche Ungleichbehandlung gibt es keinerlei Begründung.	Disagreed. Only duplicative requirements have been removed, including for distance selling under the DMFSD, not all the requirements applying the distance selling as such. Hence, the non-duplicative disclosure requirements are still applicable including for distance selling.
Austrian Federal Economic Chamber, Division Bank and Insurance	Q1	<p>The VVO appreciates EIOPA’s analysis and supports EIOPA’s commitment to remove repetitions and streamline consumer disclosures. Any duplication is rooted in legislative requirements, hence burdensome from a compliance point of view, as well as confusing for consumers, who need concise, simple and clear information.</p> <p>However, EU rules developed in silos are currently overwhelming consumers with too much information, including disclosures repeated multiple times in different formats and wordings. For example, when buying an IBIP online, EU rules require insurers to provide consumers with 161 pieces of pre-contractual information, and this figure will soon rise to 190 for sustainable IBIPs.</p> <p>Eliminating and avoiding future duplications is a much-needed first step in simplifying the consumer journey. The VVO also recommends taking out unnecessary information and using cross-referencing, to avoid repetitions and guarantee consistency within and between the documents. The information provided in one document does not need to be included in another one; in this case, providing a link to the first document should be sufficient. The VVO also agrees with EIOPA that future disclosures need to be designed as a comprehensive solution from the perspective of the consumer,</p>	<p>Agreed.</p> <p>Noted.</p> <p>Disagreed on cross-referencing which has not been identified as a viable option to avoid the duplications.</p>

	<p>replacing existing documents and not simply being added on top of the existing disclosure requirements.</p> <p>As to further simplifications, the VVO strongly supports EIOPA's intention to allow a "digital by default" approach in the IDD, with the option for consumers to ask for information on paper or in a printable format if they wish. The use of paper as default medium does not reflect consumers' preferences: according to a recent The VVO survey, 72% of respondents prefer to receive information on products digitally rather than on paper. The VVO also welcomes EIOPA's encouragement of layering and other techniques that can make disclosures more engaging and put consumers in control of the amount and type of information they wish to receive.</p> <p>When considering further interventions on disclosures, prior to any legislative action, EU Institutions need to perform consumer testing on a broad and diverse sample of consumers in different markets, technical testing on all the products in scope and a careful impact assessment. Consumers testing by EU Institutions is critical to measure consumers' level of understanding of the information they might receive because of new legislation in a real-life situation - where they are not only confronted with a single graph or indicator, but with a full set of documents - and weight the benefits of any new proposals. Therefore, The VVO agrees with EIOPA statement that consumer testing needs to be done as part of the process of drafting the Level 1 rules and delegated acts, so that the choices at that level also reflect behavioural insights.</p> <p>On the other hand, it is not the role and responsibility of insurers to carry out consumer testing on product disclosures, as this would require costly investments and a complex expertise. Besides, a consumer testing at company level would come by far too late in the process: insurers develop pre-contractual disclosures in compliance with the EU legislation and local requirements, and they cannot fix elements that are prescribed in the legislative texts.</p> <p>Stakeholders' consultation is also key to integrate real-world experience into the legislative process, provided that full details of the proposals are explained in the</p>	<p>Agreed. Notwithstanding this, although EIOPA can see some benefits in inverting the current approach in the IDD regarding the format of disclosures completely from a "paper by default" to a "digital by default" approach to take account of the ongoing digital transformation, it would be important that the IDD keeps the option for consumers to ask for information both pre-contractually or periodically, on paper or in a printable format if they wish, considering that some segments of the population may still prefer to receive the information on paper.</p> <p>Agreed. The starting point when designing consumer disclosures should be behavioural research and enabling sufficient time and resources for consumer testing.</p> <p>Noted. Consumer testing by industry is a good practice.</p>
--	--	--

		<p>consultation paper and sufficient time is allowed to carefully consider the impacts of any proposal.</p> <p>In general, rushed and not properly coordinated legislative initiatives are not propaedeutic of high-quality disclosures. For example, the EC Call for Advice on certain retail investor protection aspects, including disclosures, runs in parallel with the one on essential aspects of the Key Information Document (KID), while the recent EC proposals on the European Single Access Point (ESAP) prematurely include the KID contents that are still under review. New provisions for the design and sales of sustainable investment products are yet to enter full application, revised PRIIPs Regulatory Technical Standards (RTS) are not yet implemented, and insurers are still receiving supervisory guidance on both the current rules and the new ones. On 21 February, the EC also launched a consultation on suitability and appropriateness aspects leaving 4-weeks to comment on very new proposals. If the different initiatives are not examined in depth, the risk is to undermine the quality of the services and the accuracy of the information received by consumers. In this respect, it is regretful that the outcomes of the EC public consultation and the EC external study on key aspects of the RIS are not publicly available and cannot inform a more evidence-based public debate</p>	<p>Noted.</p> <p>Noted. EIOPA is providing advice to the Commission upon the Commission request.</p>
EIOPA IRSG	Q1	<p>Duplications, regardless of the greater or lesser burden for the industry, are compliance driven and contribute to complexity and information overload to the recipient of the information i.e. the consumer and should, in principle, be avoided.</p> <p>The IRSG appreciates EIOPA’s analysis and supports EIOPA’s commitment to address information overload. Removing duplicative requirements is important to simplify insurers’ and intermediaries’ compliance efforts and improve consumers’ journey.</p> <p>However, it must be noted that in practice, many duplicated disclosures stem from national requirements. Some members believe that national requirements are often better tailored to the specificities of the national markets, it is difficult to replace them with an EU disclosure document at this point in time. Currently, EU disclosure documents like the PRIIP KID work as a supplement to the more specific national</p>	<p>Noted.</p> <p>Noted.</p> <p>Noted. EIOPA has been requested to provide advice to the Commission only with regards European legislation.</p>

		<p>requirements.</p> <p>The duplication of certain disclosures should be studied on the basis of a dynamic and non-linear process rather than from a static “rule” to “rule” comparison basis.</p> <p>It should be noted here that even if duplication of requirements exists in EU texts, because some of these texts were adopted a long time ago (DMFSD), some of these duplications have been progressively “fixed” at national level in implementing texts. This should be further assessed by EIOPA and the Commission.</p> <p>Removing duplicative disclosures and promoting digital approaches represent a pragmatic first step towards an overall simplification. When considering further actions to improve consumer disclosures, further analysis and impact assessment will be needed, including an extensive consumer testing on a wide range of products, markets and consumers. Consumer testing needs to be done as part of the process of drafting the Level 1 rules (as well as delegated acts) so that the choices at that level also reflect behavioural insights. On the contrary, it cannot be the responsibility of companies to carry out consumer testing: it would be too burdensome and would come too late in the process, as companies would not have the possibility to fix certain elements that are prescribed by law.</p> <p>Stakeholder consultation is also key to integrate real-world experience into the legislative process, provided that full details of the proposals are provided, and sufficient time to respond is allowed.</p> <p>The IRSG also encourages EIOPA to promote cross-referencing through hyperlinks to existing documents and a layered approach to put consumers in control of the level of details they wish to receive. These are easy and efficient techniques that consumers are used to use in any online research.</p>	<p>Agreed.</p> <p>Noted.</p> <p>Agreed. The starting point when designing consumer disclosures should be behavioural research and enabling sufficient time and resources for consumer testing. Consumer testing by the industry is a good practice.</p> <p>Agreed.</p> <p>Partially agreed. EIOPA is of the view that consumer disclosures need to be presented in a radically simpler and more user-friendly format to work better, without however depriving the consumer of all useful information. A more user-friendly format could entail making sure the most important</p>
--	--	---	--

			information stands out, allowing the use of layering, the use of icons, etc. However, disagreed on cross-referencing which has not been identified as a viable option to avoid the duplications.
BIPAR	Q1	<p>BIPAR supports EIOPA’s commitment to address current information overload. All real duplicative requirements are burdensome and confusing.</p> <p>All redundant requirements should ideally be removed. Indeed, these redundancies generally represent implementation difficulties for professionals and are detrimental to the clarity of the information provided to the client, with the exception of information of a strictly administrative nature which is necessary for the understanding of a document on its own (e.g. mention of the name of the insurer).</p> <p>When it comes to customer protection, easier implementation upstream for the professional is the guarantee of a better informed customer downstream.</p> <p>In this context and in a pure digital context, BIPAR believes that EIOPA proposal layered approach could help put consumers in control of the level of details they wish to receive. The layered approach should however require consumer testing by EIOPA.</p> <p>Dashboards or labels can be useful BUT cannot replace the added value of guidance or advice of an insurance intermediary. Dashboards or labels can have importance in the information gathering process of the retail investor (some key elements), but IBIPs have also specific insurance characteristics and protection characteristics and cannot be compared with pure investment products.</p> <p>It should be noted here that even if duplication of requirements exists in EU texts, because some of these texts were adopted a long time ago (DMFSD), some of these duplications have been progressively “fixed” at national level in implementing texts. This should be further assessed by EIOPA and the Commission before changing rules.</p>	<p>Noted.</p> <p>Agreed.</p> <p>Noted.</p> <p>Agreed.</p> <p>Partially agreed. Dashboards can also help to make it clear in which IBIPs insurance characteristics and protection characteristics are included and in which not.</p> <p>Noted.</p>

		Some duplications are logic (and/or necessary) because the information/ disclosure is provided at different phases in the product life cycle or decision making process. Furthermore a consumer decision process is not a linear process. De-duplication of information requirements should be studied carefully.	Agreed.
Assuralia	Q1	<p>Assuralia is in favour of a general rationalization within all the insurance related legislation. All duplicative requirements are confusing for consumers and burdensome for insurance companies and intermediaries. We need to remove duplications, and take out unnecessary information and cross-referencing, to avoid repetitions and to guarantee consistency within and between the documents. Assuralia would like to add that information that cannot be rationalized, should remain under IDD provisions.</p> <p>There is a need to apply the general rationalization to all insurance products and to simplify Regulations in general.</p>	<p>Agreed with regards general rationalisation. Disagreed on cross-referencing which has not been identified as a viable option to avoid the duplications.</p> <p>The advice is limited to IBIPs.</p>
Italian Banking Association	Q1	<p>We believe that the proposal of disapplying a number of disclosure requirements in the Solvency II Directive and the DMFSD goes in the right direction. The PRIIPs KID and the IDD already provide the necessary information on the product and the intermediary to be provided to retail investors.</p> <p>The Retail Investment Strategy should really be used in order to remove any duplication or redundancy of information which make retail investors not pay attention to the most important information or even the whole set of information.</p> <p>We therefore do not see any need for Solvency II Directive personalized information to be provided separately and in addition to the generalized information in the PRIIPs KID.</p> <p>In addition, we highlight that a further duplication of information is represented by the PRIIPs KID and the ex-ante disclosure on costs and charges required by IDD to insurance intermediaries/MIFID II to investment firms. Consistently with our remarks to the ESMA Call for advice on certain aspects of retail investor protection, we</p>	<p>Agreed.</p> <p>Noted.</p> <p>Disagreed. Personalised information is important to help the consumer understand how the specific features of the product it is interested in. EIOPA proposes an approach of transferring both the missing generic and personalised elements from Solvency II into the IDD, without</p>

	<p>underline that the information on the impact of costs on the return of the investments is addressed both:</p> <ul style="list-style-type: none"> • by the PRIIPs KID, which provides investors with the reduction in yield (RIY) as a summary (total) cost indicator; • by the IDD/MiFID II ex-ante costs and charges disclosure which requires insurance intermediaries/investment firms to illustrate to clients the cumulative effect of costs on the return of the investment. <p>The first obligation is clearly regulated by the PRIIPs RTS and is produced by the manufacturers who have all the necessary data, as they must test the product in order to comply with the product governance requirements and to develop the performance scenarios.</p> <p>On the contrary, the second obligation is provided by IDD/MiFID II without any clarifications regarding the assumptions to be used by insurance intermediaries/investment firms in order to calculate the potential return. We have to underline that it is not possible for insurance intermediaries/investment firms to refer in any case to the return reported in the PRIIPs KID, taking into account that it reports 4 performance scenarios, and it is not possible to determine which of them is the most reliable. For this reason, most insurance intermediaries/investment firms have deemed it more proper to avoid any indication of the potential return of the investment (i.e., considering a zero return) and have illustrated the impact of the different types of aggregated costs on the amount invested.</p> <p>On this regard we therefore deem necessary to review the relevant IDD and MiFID II provisions deleting from the ex-ante disclosure on costs and charges the requirement of proving the impact of the total costs on the return of investments and leaving it exclusively in the ex-post periodic costs and charges disclosure.</p> <p>It is also important to flag that any measure adopted i) for simplification purposes and</p>	<p>creating a separate disclosure document for the personalised disclosures.</p> <p>Noted.</p>
--	--	--

		ii) with the aim to remove duplication and redundancies should be aligned with what ESMA will propose to the EC with reference to financial instruments, as an outcome of and follow-up to the Call for Evidence on Retail Investor Protection Aspects, ended last January.	
AGEA (French association of general insurance agents)	Q1	<p>All unnecessary requirements are ideally to be removed. Redundancies may represent practical difficulties for professionals and undermine the clarity of information that is delivered to the client.</p> <p>When it comes to customer protection, easier implementation upstream guarantees better customer information downstream.</p> <p>Based on their customer experience, general insurance agents note that as far as information on distribution costs is concerned, the customer's only real concern is simple: how much is invested in relation to the total amount of fees charged? Consequently, the approach that consists in providing transparent and readable information, in which all costs are aggregated, is in line with clients' expectations.</p> <p>The volume of pre-contractual information is a problem both in terms of its administration for the professional and its comprehension by the client.</p> <p>We note with concern that the PRIIPS KID has failed to resolve customer's information difficulties.</p> <p>Moreover, pre-existing provisions of domestic law may be added to the European texts (e.g. treatment of fees in articles L.132-5-2 and 1.132-4 of the French Insurance code). This situation generates a documentation volume that is difficult to understand. For instance, when a client intends to subscribe to an insurance retirement savings plan, the general agent has sometimes to hand out between 30 to 40 pages of pre-contractual information documents.</p>	<p>Noted.</p> <p>Disagreed. Transparency of inducements is relevant for consumers to identify conflicts of interest.</p> <p>Noted.</p> <p>Noted.</p> <p>Noted.</p>
ANASF	Q1	We consider that EIOPA's analysis about the overlap between different regulations is exhaustive, especially with respect to the pre-contractual disclosure regulation.	Noted.

<p>Austrian Insurance Association (VVO)</p>	<p>Q1</p>	<p>The VVO appreciates EIOPA’s analysis and supports EIOPA’s commitment to remove repetitions and streamline consumer disclosures. Any duplication is rooted in legislative requirements, hence burdensome from a compliance point of view, as well as confusing for consumers, who need concise, simple and clear information.</p> <p>However, EU rules developed in silos are currently overwhelming consumers with too much information, including disclosures repeated multiple times in different formats and wordings. For example, when buying an IBIP online, EU rules require insurers to provide consumers with 161 pieces of pre-contractual information, and this figure will soon rise to 190 for sustainable IBIPs.</p> <p>Eliminating and avoiding future duplications is a much-needed first step in simplifying the consumer journey. The VVO also recommends taking out unnecessary information and using cross-referencing, to avoid repetitions and guarantee consistency within and between the documents. The information provided in one document does not need to be included in another one; in this case, providing a link to the first document should be sufficient. The VVO also agrees with EIOPA that future disclosures need to be designed as a comprehensive solution from the perspective of the consumer, replacing existing documents and not simply being added on top of the existing disclosure requirements.</p> <p>As to further simplifications, the VVO supports EIOPA’s intention to allow a “digital by default” approach in the IDD, with the option for consumers to ask for information on paper or in a printable format if they wish. The use of paper as default medium does not reflect consumers’ preferences: according to a recent Insurance Europe survey, 72% of respondents prefer to receive information on products digitally rather than on paper. The VVO also welcomes EIOPA’s encouragement of layering and other techniques that can make disclosures more engaging and put consumers in control of the amount and type of information they wish to receive.</p> <p>When considering further interventions on disclosures, prior to any legislative action, EU Institutions need to perform consumer testing on a broad and diverse sample of</p>	<p>Noted.</p> <p>Noted.</p> <p>Disagreed with regard to cross-referencing which has not been identified as a viable option to avoid the duplications.</p> <p>Agreed.</p> <p>Agreed. The starting point when designing consumer disclosures should</p>
---	-----------	---	---

	<p>consumers in different markets, technical testing on all the products in scope and a careful impact assessment. Consumers testing by EU Institutions is critical to measure consumers' level of understanding of the information they might receive because of new legislation in a real-life situation - where they are not only confronted with a single graph or indicator, but with a full set of documents - and weight the benefits of any new proposals. Therefore, The VVO agrees with EIOPA statement that consumer testing needs to be done as part of the process of drafting the Level 1 rules and delegated acts, so that the choices at that level also reflect behavioural insights.</p> <p>On the other hand, it is not the role and responsibility of insurers to carry out consumer testing on product disclosures, as this would require costly investments and a complex expertise. Besides, a consumer testing at company level would come by far too late in the process: insurers develop pre-contractual disclosures in compliance with the EU legislation and local requirements, and they cannot fix elements that are prescribed in the legislative texts.</p> <p>Stakeholders' consultation is also key to integrate real-world experience into the legislative process, provided that full details of the proposals are explained in the consultation paper and sufficient time is allowed to carefully consider the impacts of any proposal.</p> <p>In general, rushed and not properly coordinated legislative initiatives are not propaedeutic of high-quality disclosures. For example, the EC Call for Advice on certain retail investor protection aspects, including disclosures, runs in parallel with the one on essential aspects of the Key Information Document (KID), while the recent EC proposals on the European Single Access Point (ESAP) prematurely include the KID contents that are still under review. New provisions for the design and sales of sustainable investment products are yet to enter full application, revised PRIIPs Regulatory Technical Standards (RTS) are not yet implemented, and insurers are still receiving supervisory guidance on both the current rules and the new ones. On 21 February, the EC also launched a consultation on suitability and appropriateness aspects leaving 4-weeks to comment on very new proposals. If the different initiatives</p>	<p>be behavioural research and enabling sufficient time and resources for consumer testing.</p> <p>Consumer testing by the industry is a good practice.</p> <p>Noted.</p> <p>Noted. EIOPA is providing advice to the Commission upon the Commission request.</p>
--	--	--

		are not examined in depth, the risk is to undermine the quality of the services and the accuracy of the information received by consumers. In this respect, it is regretful that the outcomes of the EC public consultation and the EC external study on key aspects of the RIS are not publicly available and cannot inform a more evidence-based public debate.	
Bund der Versicherten (BdV - German Association of Insured)	Q1	Identities, contact details and addresses are not particularly burdensome formal information requirements which should be maintained (cf. tables 1 and 2, p. 12/13 of CP).	Agreed.
Fédération Bancaire Française	Q1	<p>FBF agrees with the EIOPA analysis that many duplications exist between IDD, Solvency 2, PRIIPS and DMFSD, mostly concerning pre contractual requirements, complaints handling and distribution costs.</p> <p>Many studies from competent national authorities and consumers tests tend to show that much information and probably too much information is delivered to clients.</p> <p>However, information overload is not profitable to retail clients if it leads them to ignore and not to read information documents.</p> <p>In this context, FBF believes that the European Commission should focus on simplification of information provided to retail clients rather than the creation of any new information documents.</p> <p>However, FBF wishes to emphasize that these texts apply to different financial bodies/players (insurance undertakings for Solvency 2, insurance distributors for IDD and consumers for DMFSD).</p> <p>It is important that each of the stakeholders remain responsible for the information they have to provide.</p> <p>An insurance transaction, given its distribution pattern, often involves two stakeholders in front of the customer:</p>	<p>Noted.</p> <p>Noted.</p> <p>Noted.</p>

	<p>- the insurer who has taken part in the insurance contract to which the customer subscribes,</p> <p>- the distributor who, in most cases, is not the insurer but an insurance intermediary i.e. a third party to the contract from a legal point of view.</p> <p>We therefore think it is important not to mix the roles and responsibilities of each:</p> <p>- Information relating to the contract must remain the responsibility of the insurer,</p> <p>- Information relating to distribution and the service provided must remain the responsibility of the distributor.</p> <p>This contributes to a better understanding by clients of the roles and responsibilities of each of the stakeholders.</p> <p>This reasoning applies to both pre-contractual and periodic information.</p> <p>A harmonization seems necessary to delete certain duplications, but it is important not to transfer all disclosure provisions to IDD because producers (insurance undertakings) have to respect their own obligations and it seems to be relevant to maintain them in Solvency 2. Therefore, when they do not distribute themselves their products, insurance undertakings should not have to disclose to end clients but only to distributors the information relating to their products that the distributors must disclose to these end-clients, in the same format required for the distributor to fulfil his obligations.</p> <p>As to further simplifications, FBF supports EIOPA's intention to allow a "digital by default" approach in the IDD, with the option for consumers to ask for information on paper or in a printable format on demand.</p>	<p>Disagreed. The Solvency II disclosures to be transferred to the IDD should be provided by the distributor, based on information to be provided by the producer.</p> <p>Noted.</p>
--	--	--

<p>Gesamtverband der Deutschen Versicherungswirtschaft e. V.</p>	<p>Q1</p>	<p>The current inconsistencies and maladjustments of many information requirements cause problems for consumers, intermediaries, and insurers alike. Changes in the sense of streamlining and simplification are necessary. Hence, we welcome EIOPA's analysis and support the conclusions drawn in this respect in the consultation paper. However, we would like to stress that the burden in connection with the existing disclosure requirements does not only result from duplications or overlapping of individual points of information but the large mass of required disclosures per se. The objective should be to provide the customer with clear, concise, and relevant information on the product and the distributor. In this respect, we also agree with EIOPA's approach that future disclosure requirements should be designed as part of a comprehensive solution, considering already existing information rather than constantly adding to them. Furthermore, we agree with EIOPA's considerations on digital information. Future regulations should emphasize the digital transmission of information. Providing information in a digital format should be the default option, the same applies to the possibility to provide the documentation of the advisory process.</p> <p>EIOPA advocates a comprehensive approach for a revision of the disclosure requirements in their Technical Advice that considers most of the relevant regulations. The German insurance industry welcomes that. With a view to out-of-court disputes resolution, we suggest that the ADR Directive, which is also applicable to IBIPs, as well as the ODR Regulation, should also be included in such an overall consideration of relevant disclosure requirements.</p>	<p>Noted.</p> <p>Noted. However this has not been included the scope of the analysis conducted by EIOPA.</p>
<p>ING Bank NV</p>	<p>Q1</p>	<p>Although all information is important in order for customers to make an informed decision, for the average customer the amount of information is very likely to be too high. (I.e. KID + other contractual information on e.g. cost disclosure + disclosure of inducements as well dealing with IDD and ESG-SFDR requirements to capture demands/needs and assess suitability and appropriateness). As none of this information is prioritized through requirements, key information is likely to get lost.</p> <p>Often pre-contractual requirements are not fully suited for digital distribution. Providers tend to double up information by referring firstly to several links to</p>	<p>Agreed.</p> <p>Noted.</p>

		<p>documents like KID, Prospectus, Annual Report, Technical Sheet, Sustainability Report and when you scroll down you can also find a lot of this information on the web page itself. This tends to be confusing. In order to meet all requirements there is now a lot of information that customers are confronted with but ideally we would like to give customers one simple overview instead of referring to a range of documents and providing similar (partial) information on the web page itself.</p>	
<p>Bundesverband Deutscher Vermögensberater</p>	<p>Q1</p>	<p>Wir begrüßen sehr den Ansatz von EIOPA, bei den vorvertraglichen Informationen auf Dopplungen zu verzichten. Denn diese erzeugen beim Kunden anstelle einer gewünschten Transparenz genau den gegenteiligen Effekt. Diese Doppelungen machen Versicherungsanlageprodukte für Kunden zu kompliziert, allein durch die Fülle der ganzen Produktinformationen und diversen Produktinformationsblättern. Zu den vielen von EIOPA aufgeführten Informationspflichten aufgrund europarechtlicher Vorgaben kommen oftmals Informationspflichten aus nationalem Recht noch hinzu. Zusätzlich fügen Produkthanbieter vereinfachte Produktinformationen noch hinzu. Die Pflicht, die vorvertraglichen Informationen entsprechend der gesetzlichen Vorgaben zu implementieren, trifft den Hersteller des Produkts. Der Vermittler (Vertreiber) des Produkts muss dann in der Lage sein, anhand seiner Beratungstechnologie und seiner Arbeitsweise, den Kunden entsprechend zu beraten. Aber gerade aus Kundensicht und zu dessen Schutz möchten wir folgende Anmerkung an dieser Stelle vornehmen: aus unserer Sicht wird nämlich beim Thema „vorvertragliche Informationen“ der abstrakten Zielsetzung des Verbraucherschutzes bereits durch viele weitere in Deutschland bestehende rechtliche Bestimmung (zum Beispiel VVG, VAG, Versicherungsvermittlerverordnung, VVG-Info V, AltvPIBV) mehr als ausreichend Rechnung getragen. Diese Bestimmungen haben eine aus Verbrauchersicht unüberschaubare Menge an vorvertraglichen Informationen zur Folge.</p> <p>Problematisch wird es immer dann, wenn diesbezüglich neue gesetzliche Anforderungen hinzukommen. Zwar können unsere Verbandsmitglieder diese neuen gesetzlichen Anforderungen aufgrund ihrer modernen Beratungstechnologie und ihrer Arbeitsweise erfüllen bzw. erfolgreich umsetzen, doch ergibt sich oftmals keinen Mehrwert für den Verbraucher, sondern eher nur ein höherer bürokratischer</p>	<p>Noted.</p>

		<p>Aufwand für Vermittler und Versicherer.</p> <p>Langjährige Bestandskunden, die über Jahre hinweg unterschiedliche Versicherungs- und Vorsorgeprodukte erworben haben, können die immer komplexer gewordenen Information zu bestehenden Verträgen unterschiedlicher Tarifgenerationen kaum noch eigenständig verstehen oder gar vergleichen. So ist heute im deutschen Versicherungsbereich bereits zu differenzieren zwischen zum Beispiel Alt-, AltEinkG- und VVG-Verträgen etc.</p> <p>Alle neu eingeführten gesetzlichen Bestimmungen führten insbesondere dazu, dass bereits eingespielte Prozesse weiter formalisiert und noch stärker dokumentiert werden mussten, und auch weitere Kosten verursachten (Einrichtungsaufwand bei IT und Betriebsorganisation etc.). Diese Kosten werden vom Verbraucher über die Einpreisung in die Produkte mitgetragen.</p> <p>Deswegen ist der Ansatz von EIOPA zur generellen Straffung und zur Vermeidung von Doppelungen – gerade, wenn sie von unterschiedlichen Richtlinien herrühren - sehr zu begrüßen!</p>	
Actuarial Association of Europe	Q1		
Die Deutsche Kreditwirtschaft	Q1		
Allianz SE	Q1	<p>Duplications, regardless of the greater or lesser burdens for the industry, are compliance driven and contribute to complexity and information overload to the recipient of the information i.e. the consumer and hence, in principle, be avoided.</p> <p>In practice, many duplicate disclosures also stem from national requirements. As national requirements are often better tailored to the specificities of the national markets, it is often difficult to replace them with an EU disclosure document. Currently, EU disclosure documents like the PRIIP KID can only supplement the more specific national requirements.</p>	Noted.

FECIF	Q1	On behalf of our members, we welcome the reduction of bureaucratic hurdles such as duplicating disclosure requirements. Duplicate disclosure requirements should be avoided as a matter of principle. However, it must always be taken into account that all distribution channels must be treated equally. Facilitations and improvements must apply to every distribution channel. It is not acceptable if disclosure obligations were no longer applicable to distance selling, for instance. There is no justification for such unequal treatment.	Noted. The removal of duplications is not limited to distance selling.
Sparbanken Skåne AB (publ)	Q1	The different rules concerning inducements between MiFID2 and IDD	Noted.
VOTUM Verband	Q1	On behalf of our members, we welcome the reduction of bureaucratic hurdles such as duplicating disclosure requirements. Duplicate disclosure requirements should be avoided as a matter of principle. However, it must always be taken into account that all distribution channels must be treated equally. Facilitations and improvements must apply to every distribution channel. It is not acceptable if disclosure obligations were no longer applicable only in distance selling. There is no justification for such unequal treatment.	Noted. The removal of duplications is not limited to distance selling.
Bundesverband Deutscher Versicherungskaufleute	Q1-Q6	<p>EIOPA ist der Auffassung, dass es auf EU-Ebene eine Gesetzeslücke in Bezug auf die regelmäßigen Offenlegungsanforderungen beim Vertrieb von IBIPS-Produkten gibt, da es zu Überschneidungen zwischen den Anforderungen aus Solvency II und Mifid II auf der einen Seite und den Vorgaben aus der IDD auf der anderen Seite gibt.</p> <p>Zur Schließung dieser Gesetzeslücke schlägt EIOPA vor, eine jährliche Erklärung in die IDD vorzuschreiben, ähnlich einer Rentenleistungserklärung.</p> <p>Die Verbraucherinformationen sollen darüber hinaus radikal vereinfacht werden, um den Verbrauchern zu erleichtern, vernünftige Entscheidungen zu treffen. Die Verbraucherinformationen sollen daher verständlich, vor allem kürzer und visuell sein, um auch für ein breites Publikum ansprechend zu sein, das sich nicht mit Finanzfragen auskennt.</p> <p>Schließlich sollen die künftigen Informationen aus der Sicht des Verbrauchers als umfassende Lösung konzipiert sein, die bestehende Dokumente ersetzen und nicht als bloße Hinzufügung zu bestehenden Informationsunterlagen fungieren. Die digitale</p>	Noted.

		<p>Offenlegung bietet hierzu eine großartige Möglichkeit, flexibel Informationen zu erstellen. Diese Informationen sollen dann online abrufbar sein. Sowohl Versicherungsunternehmen als auch Versicherungsvermittler sollen zusätzlich zur Bereitstellung der Informationen auf einem dauerhaften Datenträger eine elektronische Kopie aller Versionen der digitalen Information, die dem Kunden zur Verfügung gestellt werden, aufbewahren und den Verbrauchern klare und leicht verständliche Anweisungen geben, wie sie auf diese Informationen zugreifen können.</p> <p>Der BVK begrüßt grundsätzlich die Abschaffung unnötiger und doppelter Offenlegungsanforderungen. Auch befürworten wir einen stabilen Regulierungsrahmen. Ob eine periodische Offenlegungspflicht für einen erweiterten Verbraucherschutz letztendlich hilfreich ist, müsste durch entsprechende Verbrauchertests oder weitere Studien belegt werden, um den genauen Inhalt einer solchen Erklärung zu definieren. Auch möchten wir in diesem Zusammenhang darauf verweisen, dass weitere bürokratische Verpflichtungen für den Vertrieb nur dann gerechtfertigt sind, wenn sie aufgrund einer Kosten-/Nutzenanalyse sinnvoll erscheinen. Die bestehenden Regeln in der IDD und die Vorschriften zum KID halten wir für ausreichend, da alle Vertriebskosten detailliert aufgeführt werden und damit für eine ausreichende Transparenz gesorgt ist.</p> <p>Ein weiteres personalisiertes vorvertragliches Dokument, wie von EIOPA vorgeschlagen, halten wir daher derzeit für nicht sinnvoll.</p>	
<p>Question 2: EIOPA can see some specific benefits in disapplying a number of disclosure requirements in the Solvency II Directive and the Distance Marketing of Consumer Financial Services Directive and rationalising any remaining requirements in the IDD. Do you agree with this approach?</p>			
<p>Polish Chamber of Insurance</p>	<p>Q2</p>	<ul style="list-style-type: none"> • PIU support EIOPA's proposal to disapply a number of disclosure requirements in the Solvency II Directive and rationalising any remaining requirements in the IDD. We support this proposal only if liability regime is sufficiently clear between the manufacturer and the distributor meaning who is producing information and who is delivering it. • Having all disclosures in one framework would simplify the compliance effort as well as consumers' journey. 	<p>Noted. EIOPA recommends that existing duplications between Solvency II and PRIIPs KID disclosure requirements could be addressed by disapplying non-personalised Solvency II pre-contractual disclosures. The personalised disclosures from Solvency II, as well as the generic</p>

		<ul style="list-style-type: none"> • In principle, the idea of consistently locating issues of market supervision in the IDD, while solvency supervision is/remains regulated in Solvency II, is to be welcomed. • Furthermore, we agree with EIOPA’s considerations on digital information. Future regulations should emphasize the digital transmission of information. Providing information in a digital format should be the default option. • Difficulties but also chances result from having legislative procedures and supervisory workstream in parallels, such as the consultation on the PRIIPs Regulation and the IDD amendments to include sustainability issues into the advice and sales process. • While we support EIOPA’s considerations on the layering of information in digital formats and digital by default information provision, this should not side-track from the effort to reduce the amount of information in its entirety. • We are in favour of a stable regulatory framework. Changes should only be made where necessary. 	<p>disclosures from Solvency II that are not included in the PRIIPs KID, should be transferred to the IDD</p> <p>Agreed. EIOPA notes that a number of provisions in the IDD relating specifically to the distribution of IBIPs are already subject to disclosures in the format of a “durable medium”. Notwithstanding this, although EIOPA can see some benefits in inverting the current approach in the IDD regarding the format of disclosures completely from a “paper by default” to a “digital by default” approach to take account of the ongoing digital transformation, it would be important that the IDD keeps the option for consumers to ask for information both pre-contractually or periodically, on paper or in a printable format if they wish, considering that some segments of</p>
--	--	--	--

			the population may still prefer to receive the information on paper.
BETTER FINANCE	Q2	<p>To begin with, we find very useful the exercise undertaken by EIOPA to identify the duplicating disclosure requirements between the four applicable EU legislative acts. In our view, EIOPA’s proposal to disapply or move consumer disclosure requirements from one legislative act to another amounts towards full consolidation, which will bring consistency and legal certainty.</p> <p>The different mandated disclosures are, in fact, “heritages” of EU legislation adopted at different stages, which have not been coordinated one with another. In this sense, BETTER FINANCE generally agrees with the proposals set out in Table 1 of the consultation paper (p. 12-13).</p> <p>However, these proposals would require legislative intervention from the co-legislators, reason for which we would find it more useful if EIOPA extended the reasoning behind the annual statement for IBIPs (paras. 53-83) to pre-contractual disclosures. Distinguishing between market transparency and supervisory purposes of disclosures, in comparison to consumer disclosures, is key in delivering optimal outcomes for non-professional investors. In this sense, as EIOPA correctly identified, there are certain information requirements in Solvency II or IDD that do not concern the consumer, reason for which it would be simpler if distributors and manufacturers would both: inform the client or prospective client of the existence of such information, leaving the choice to the former to access them or not; and maintain these records publicly accessible on the website, in an easy and consumer-friendly manner. Additional disclosures – of a general nature, concerning the product or the product manufacturer – should be available to consumers, but not disseminated, save where the consumer expressly opts for such disclosure.</p> <p>However, there may be products distributed to clients that do not qualify as a PRIIP, reason for which eliminating entirely disclosure requirements from IDD on the basis of the existence of the PRIIP KID would create a blind spot for consumers. EIOPA should</p>	<p>Noted.</p> <p>Noted.</p> <p>Noted.</p> <p>The advice to transfer Solvency II disclosures to IDD concerns only IBIPs, not “pure protection” insurance</p>

		advise the European Commission to clearly distinguish the disclosure requirements for such products but, at the same time, aim to align as much as possible both the sequence and content with those of IBIPs. This links to the following question (Q3) and “pure protection” life insurances which are not IBIPs.	products which do not fall under the PRIIPs Regulation.
Irish Life Assurance PLC	Q2	<p>Irish Life Group agrees that a streamlined approach to disclosure requirements will be a positive move for both customers and the industry.</p> <p>The use of layering and cross-referencing through hyperlinks should be promoted, however, it should not inadvertently lead to the same issue of information overload. Having all disclosures in one framework would simplify the consumer journey as well as the compliance effort.</p>	<p>Noted.</p> <p>Noted. However cross-references have not been included in the advice to the Commission.</p>
Unipol Gruppo S.p.A.	Q2	<p>Solving the issue of duplicative requirements is appropriate in the context of an overall review of the relevant EU framework as it would improve coherence among the various pieces of EU financial legislation, which in the past have been developed according to a “silos” approach. To this end, suggestion is repealing all disclosure requirements provided by DMFSD (whose generic provisions have been indirectly absorbed by IDD) and moving those of Article 185 of Solvency into the IDD, which would be more appropriate as Solvency II focuses on prudential regulation.</p> <p>That being said, we believe that a dramatic improvement of the customer journey could be achieved through the introduction of “EU Digital Identities” or “EU Financial Identities”, as envisaged by the European Commission in its Digital Finance Strategy. In the current situation, a client establishing a new relationship with a financial entity (credit institution, investment firm or insurance company) has to undertake full questionnaires for the purpose of customer due diligence and suitability/appropriateness test before purchasing a financial product. The introduction of an EU Digital Identity would especially benefit clients maintaining several relationship with financial entities, as they would not need to undertake each time the full questionnaires but, eventually, just verifying that the relevant information already provided are still up-to-date. Even though the establishment of</p>	<p>Noted.</p> <p>Noted. This related to the suitability/appropriateness and not to disclosures as such.</p>

		<p>EU Digital Identities entails overcoming significant technical and legal complexities, we believe that to exploit the full potential of this policy initiative it would be important to ensure wide engagement with industry in setting up the relevant framework and expanding the scope of the verified attributes included within the Digital Identity, beyond those provided by the proposed Anti-Money Laundering Regulation (e.g. including information on risk appetite, financial assets, income, etc.) and, ideally, enabling its use also for the provision of non-financial services, such as car rental, urban mobility, healthcare, thus allowing financial entities and insurers to leverage on existing eco-systems for the provisions of non-financial services.</p>	
Dutch Association of Insurers	Q2		
France Assureurs (Fédération Française de l'Assurance)	Q2	<p>Yes, France Assureurs supports EIOPA's proposal to disapply a number of disclosure requirements in the Solvency II Directive and the Distance Marketing of Consumer Financial Services Directive and rationalise any remaining requirements in the IDD.</p> <p>This would simplify the application of the overall disclosures framework and would also better reflect the different nature of the IDD and Solvency II, since the latter is primarily not a conduct of business directive. In addition, due to existing and well-established national specificities and local requirements, a thorough analysis of which changes bring about an improvement for both product providers and clients is needed.</p> <p>For the well-functioning of a single disclosure's framework, it must to be clear whether information should be delivered by the manufacturer or the intermediary. This liability aspect needs careful consideration, since Solvency II was designed as a framework for insurance firms, while the IDD provisions apply to both product manufacturers and distributors. At the same time, the interplay between personalised information and the standardised PRIIPs KID would also need to be analysed more closely, to avoid redundancies and preserve the generic nature of the PRIIPs KID.</p> <p>As per Q1, France Assureurs also supports EIOPA's proposal to allow a "digital by default" approach in the IDD, with the option for consumers to ask for information on</p>	Noted.

		<p>paper or in a printable format if they wish, and EIOPA’s encouragement of layering and other digital-friendly approaches.</p> <p>These represent important steps towards a simpler consumer journey. France Assureurs also recommends reducing the information overload faced by consumers, taking out redundant information and avoiding the proliferation of new templates and labels. In recent years, insurers have been confronted with a significant increase in the quantity of regulation and too frequent reviews and amendments to legislation, sometimes even before they have adjusted to the new rules and before there is sufficient evidence of a need for changes.</p> <p>This leads to inconsistency, overlaps and duplications, because the cumulative impact of individual rules is not considered and the coherence of the entire regulatory framework is not taken into account.</p> <p>Market and supervisory transparency objectives should not be mixed with consumer protection objectives: disclosures are just one of the safeguards provided by the IDD and are effective only if they are designed around real consumer’s needs. The EC should be required to carry out “confusion audits”, namely checks or reviews of the EU legislative acts to assess the level of confusion caused by different disclosures requirements, both in terms of legal uncertainty for financial market participants and in terms of consumers’ ability to navigate and absorb the information received. A balance is needed in terms of compliance to disclosure regulations by product providers and a thorough understanding of information provided to clients.</p>	
Länsförsäkringar	Q2		
ASSORETI - Association of intermediaries which provide investment advice service through their network of qualified individual financial advisors.	Q2	<p>We agree with EIOPA’s proposal to delete all regulatory duplication, maintaining each information requirement in the most appropriate regulatory text and implementing it where necessary.</p> <p>In line, then, with the changes introduced in MiFID II by Directive 2021/338 (so-called Quick fix), it is considered appropriate that the information to clients should be</p>	<p>Noted.</p> <p>Agreed. EIOPA notes that a number of provisions in the IDD relating specifically to the distribution of IBIPs are already subject to disclosures in</p>

		<p>provided in electronic form, without prejudice to the right of the retail client (or potential client) to ask to receive it free of charge on paper.</p>	<p>the format of a “durable medium”. Notwithstanding this, although EIOPA can see some benefits in inverting the current approach in the IDD regarding the format of disclosures completely from a “paper by default” to a “digital by default” approach to take account of the ongoing digital transformation, it would be important that the IDD keeps the option for consumers to ask for information both pre-contractually or periodically, on paper or in a printable format if they wish, considering that some segments of the population may still prefer to receive the information on paper.</p>
Insurance Ireland	Q2	<p>Yes, Insurance Ireland’s members support the rationalising of disclosure requirements acknowledging the huge customer benefit in doing so. A scattered approach to the provision of information is not effective in its objective to make meaningful the information provided to consumers. At the moment, retail investors may be discouraged by the volume of information they receive, due to overlapping and duplicative disclosures. This gives the indication to investors that any capital investment requires a high degree of financial literacy, which we do not believe is the case. The use of layering and cross-referencing through hyperlinks should be promoted however it should not inadvertently lead to the same issue of information overload. We agree with Insurance Europe that having all disclosures in one framework would simplify the consumers’ journey as well as the compliance effort for insurance firms.</p> <p>Moreover, we would request that serious consideration be given to whether the DMD remains relevant and adds value, in light of several more recent product-specific EU rules, such as IDD.</p>	<p>Partially agreed. EIOPA is of the view that consumer disclosures need to be presented in a radically simpler and more user-friendly format to work better, without however depriving the consumer of all useful information. A more user-friendly format could entail making sure the most important information stands out, allowing the use of layering, the use of icons, etc However, disagreed on cross-referencing which has not been identified as a viable option to avoid the duplications.</p>

		<p>We also agree with Insurance Europe that the EC should engage in meaningful consumer testing as part of their impact assessments to avoid duplication of disclosure requirements in the future while also carrying out confusion audits to assess the level of confusion caused by different disclosure requirements in respect to consumer comprehension.</p>	<p>Agreed.</p> <p>Agreed. The starting point when designing consumer disclosures should be behavioural research and enabling sufficient time and resources for consumer testing.</p>
BEUC, The European Consumer Organisation	Q2	N/A	
ANIA	Q2	<p>We support EIOPA’s proposal to disapply a number of disclosure requirements in the Solvency II Directive and the Distance Marketing of Consumer Financial Services Directive and rationalising any remaining requirements in the IDD, provided that it is clear, without prejudice to the need for consumer protection, which obligations are to be borne by the manufacturer and which by the distributor.</p> <p>To this end, we reiterate what we indicated in our previous response, which is to support the digital approach as the “default setting” in IDD, with the option for consumers to request information on paper or in a printable format if they wish, and still encourage other digital-friendly approaches.</p> <p>We consider these steps essential to reduce the information overload that consumers receive.</p> <p>We confirm our opinion in favour of a stable regulatory framework, supplemented by possible changes where it is deemed absolutely necessary.</p>	<p>Noted. EIOPA notes that a number of provisions in the IDD relating specifically to the distribution of IBIPs are already subject to disclosures in the format of a “durable medium”. Notwithstanding this, although EIOPA can see some benefits in inverting the current approach in the IDD regarding the format of disclosures completely from a “paper by default” to a “digital by default” approach to take account of the ongoing digital transformation, it would be important that the IDD keeps the option for consumers to ask for information both pre-contractually or periodically, on paper or in a printable format if they wish, considering that some segments of the population may still prefer to receive the information on paper.</p>

ACA	Q2	We agree that we should rationalise disclosures and eliminate duplication, but PRIIPs must not become the standard and replace SII disclosures. This would be highly detrimental for product features, description of the assets etc. It would be better to maintain the SII disclosures and do away with PRIIPs altogether.	Disagreed. Generic key disclosures under PRIIPs are relevant and shouldn't be disapplied.
Institut des actuaires (France)	Q2		
Spanish Banking Association	Q2		
Bundesarbeitsgemeinschaft zur Förderung der Versicherungsmakler (BFV)	Q2	Den Überlegungen der EIOPA, diverse Offenlegungsanforderungen in der Solvabilität-II-Richtlinie und der Richtlinie über den Fernabsatz von Finanzdienstleistungen an Verbraucher aufzuheben und die verbleibenden Anforderungen in der IDD zu rationalisieren, stimmen wir zu. Aufgrund der Kombination der Absicherung biometrischer Risiken sowie Kapitalbildung gelten IBIPs als Versicherungsanlageprodukte. Auch hier gilt, und da teilen wir die Sichtweise der EIOPA, dass Verbraucherinformationen ihren Zweck nicht erfüllen können, wenn diese aufgrund des Umfangs und der Komplexität vom Kunden nicht gelesen oder die wichtigen Informationen nicht zu Kenntnis genommen werden.	Noted.
Insurance Europe	Q2	<p>Yes, Insurance Europe supports EIOPA's proposal to disapply a number of disclosure requirements in the Solvency II Directive and the Distance Marketing of Consumer Financial Services Directive and rationalise any remaining requirements in the IDD.</p> <p>This would simplify the application of the overall disclosures framework and would also better reflect the different nature of the IDD and Solvency II, since the latter is primarily not a conduct of business directive. In addition, due to existing and well-established national specificities and local requirements, a thorough analysis of which changes bring about an improvement for both product providers and clients is needed.</p> <p>For the well-functioning of a single disclosures framework, it must to be clear whether information should be delivered by the manufacturer or the intermediary. This liability aspect needs careful consideration, since Solvency II was designed as a framework for insurance firms, while the IDD provisions apply to both product</p>	Noted.

		<p>manufacturers and distributors. At the same time, the interplay between personalised information and the standardised PRIIPs KID would also need to be analysed more closely, to avoid redundancies and preserve the generic nature of the PRIIPs KID.</p> <p>As per Q1, Insurance Europe also supports EIOPA’s proposal to allow a “digital by default” approach in the IDD, with the option for consumers to ask for information on paper or in a printable format if they wish, and EIOPA’s encouragement of layering and other digital-friendly approaches.</p> <p>These represent important steps towards a simpler consumer journey. Insurance Europe also recommends reducing the information overload faced by consumers, taking out redundant information and avoiding the proliferation of new templates and labels. In recent years, insurers have been confronted with a significant increase in the quantity of regulation and too frequent reviews and amendments to legislation, sometimes even before they have adjusted to the new rules and before there is sufficient evidence of a need for changes. This leads to inconsistency, overlaps and duplications, because the cumulative impact of individual rules is not considered and the coherence of the entire regulatory framework is not taken into account.</p> <p>Market and supervisory transparency objectives should not be mixed with consumer protection objectives: disclosures are just one of the safeguards provided by the IDD and are effective only if they are designed around real consumer needs. The EC should be required to carry out “confusion audits”, namely checks or reviews of the EU legislative acts to assess the level of confusion caused by different disclosure requirements, both in terms of legal uncertainty for financial market participants and in terms of consumers’ ability to navigate and absorb the information received. A balance is needed in terms of compliance with disclosure regulations by product providers and a thorough understanding of information provided to clients.</p>	
VOTUM Verband	Q2	<p>Siehe Antwort auf Frage 1. Generell stimmen wir mit Ausnahme der Tatsache, dass die Streichung von Offenlegungsanforderungen nicht nur den Fernabsatz betreffen dürfen, der Position zu, dass aufgrund der Besonderheiten des Produktes (Versicherungsmantel) IBIPs in das Regelwerk der IDD eingebunden bleiben sollten. Eine Rationalisierung ist hier wünschenswert.</p>	Noted.

<p>Austrian Federal Economic Chamber, Division Bank and Insurance</p>	<p>Q2</p>	<p>Yes, the VVO supports EIOPA’s proposal to disapply a number of disclosure requirements in the Solvency II Directive and the Distance Marketing of Consumer Financial Services Directive and rationalise any remaining requirements in the IDD.</p> <p>This would simplify the application of the overall disclosures framework and would also better reflect the different nature of the IDD and Solvency II, since the latter is primarily not a conduct of business directive. In addition, due to existing and well-established national specificities and local requirements, a thorough analysis of which changes bring about an improvement for both product providers and clients is needed.</p> <p>For the well-functioning of a single disclosures framework, it must to be clear whether information should be delivered by the manufacturer or the intermediary. This liability aspect needs careful consideration, since Solvency II was designed as a framework for insurance firms, while the IDD provisions apply to both product manufacturers and distributors. At the same time, the interplay between personalised information and the standardised PRIIPs KID would also need to be analysed more closely, to avoid redundancies and preserve the generic nature of the PRIIPs KID.</p> <p>As per Q1, the VVO supports EIOPA’s proposal to allow a “digital by default” approach in the IDD, with the option for consumers to ask for information on paper or in a printable format if they wish, and EIOPA’s encouragement of layering and other digital-friendly approaches.</p> <p>These represent important steps towards a simpler consumer journey. The VVO also recommends reducing the information overload faced by consumers, taking out redundant information and avoiding the proliferation of new templates and labels. In recent years, insurers have been confronted with a significant increase in the quantity of regulation and too frequent reviews and amendments to legislation, sometimes even before they have adjusted to the new rules and before there is sufficient evidence of a need for changes. This leads to inconsistency, overlaps and duplications, because the cumulative impact of individual rules is not considered and the</p>	<p>Noted.</p>
---	-----------	---	---------------

		<p>coherence of the entire regulatory framework is not taken into account.</p> <p>Market and supervisory transparency objectives should not be mixed with consumer protection objectives: disclosures are just one of the safeguards provided by the IDD and are effective only if they are designed around real consumer's needs. The EC should be required to carry out "confusion audits", namely checks or reviews of the EU legislative acts to assess the level of confusion caused by different disclosures requirements, both in terms of legal uncertainty for financial market participants and in terms of consumers' ability to navigate and absorb the information received. A balance is needed in terms of compliance to disclosure regulations by product providers and a thorough understanding of information provided to clients.</p>	
EIOPA IRSG	Q2	<p>The approach proposed by EIOPA aims to relieve consumers and industry from duplicative disclosures requirements and is therefore broadly supported. However, as mentioned in Q1 and Q3, existing national requirements, national specificities and necessary individual information require a meticulous analysis of which changes really constitute an improvement for consumers.</p> <p>Removing duplicative disclosures and promoting digital approaches are necessary first steps to improve consumers' understanding. Further interventions would need careful consideration and extensive testing, but this should not discourage EIOPA or the Commission to take action.</p> <p>The IRSG believes that changes should only be made where necessary.</p>	<p>Noted.</p> <p>Agreed. The starting point when designing consumer disclosures should be behavioural research and enabling sufficient time and resources for consumer testing.</p>
BIPAR	Q2	<p>BIPAR is in favour of a stable regulatory framework. Changes should only be made where necessary.</p> <p>It is essential to use by priority all the tools provided by the existing EU texts, as well as the leeway given to the national control authorities to make any adjustments that may be necessary.</p> <p>For example in France, the ACPR can issue recommendations to clarify and/or strengthen existing legal and regulatory requirements in order to increase the</p>	Noted.

	<p>protection of retail investors (e.g. Recommendation 2016-R-04 of 13 December 2016 on the marketing of unit-linked life insurance policies consisting of complex financial instruments, amended on 6 December 2019).</p> <p>Also there are national bodies in Member States (such as the CCSF -Comité Consultatif du Secteur Financier - in France) which also make it possible to make these adjustments and reach market agreements without the need for regulatory texts.</p> <p>The IDD has applied across the EU since 1 October 2018, but it is only as of April 2021 that ALL Member States have implemented it. Because of this late implementation of the IDD in some member states and because of the Covid-19 crisis – during which, as acknowledged by EIOPA, insurance intermediaries continued in very difficult circumstances to support and assist consumers, in particular those who are particularly vulnerable- BIPAR believes that it is too early to have a clear view and understanding of the impact of the IDD on the activities of insurance intermediaries and on consumers’ protection.</p> <p>The new requirements are still being grasped and implemented by all market parties (intermediaries, supervisors, insurers, and clients). The introduction of new requirements by the IDD is still too recent to allow for any meaningful conclusions about their application in practice.</p> <p>When changes are made, impact assessments should in any case illustrate that changes are made keeping in consideration the level playing field and proportionality principles. Changes are costly – even if they intend to “rationalize” existing information requirements. Regulatory change is disproportionately costly for SME operators. In this respect it should be considered that the overall review of the IDD is scheduled to start in 2023-2024 (which is expected to result, again, in another set of changes).</p> <p>Regarding EIOPA proposals to disapply requirements in Solvency II and DMFSD, generally speaking, any process of rationalisation and increased readability of texts is</p>	
--	--	--

	<p>positive, particularly in order to facilitate informed and effective implementation by professionals of provisions protecting consumers. Consequently, there is no reason to oppose these transfers if they are carried out in accordance with the same law and do not entail any additional compliance costs.</p> <p>As regards online sales, this should not be a justification for simplifying or reducing the information received by the customer.</p> <p>BIPAR therefore agrees in principle that disapplying some disclosure requirements in the Solvency II Directive and in the DMFSD and rationalising the remaining ones could help solving duplication issues in existing regulatory requirements. In that case, it is however important that the requirements that were to be provided by insurers under Solvency II, remain to be provided by insurers under the IDD, and not also by intermediaries (ex: Tax arrangement – This information could however be handed over by the intermediary to clients).</p> <p>On the other hand why moving these remaining requirements to the IDD? Are all other possibilities taken into consideration?</p> <p>On page 13, EIOPA suggests transferring the “cooling off” period to the IDD (from the DFMSD). First of all, it is to be reminded that DG Justice is currently reviewing the DMFSD and care should be taken that no additional discrepancies or gaps arise due to various instruments being revised in parallel by various Commission services. Secondly the DMFSD takes into account the specificity of certain insurance when it comes to the right of withdrawal, and this should be kept in mind.</p> <p>Also on page 13, EIOPA suggests in table 2 to further specify the disclosure of distribution costs in the IDD and/or the KID. In point 33, EIOPA adds re distribution costs that this is duplicated but not disclosed in the same way under IDD and PRIIPS and it is not disclosed separately under PRIIPS, also without a breakdown to specify inducements. As mentioned below, the KID is a pre-contractual standardised document that is supposed to be available from a product information perspective,</p>	
--	--	--

		independently from the intermediary/ distributor or the consumer.	
Assuralia	Q2	<p>Assuralia supports EIOPA's approach to disapply a number of disclosure requirements in the Solvency II Directive and the Distance Marketing of Consumer Financial Services Directive and rationalizing any remaining requirements in the IDD. More specifically, we are of the view that all Solvency II conduct of business requirements should be disappplied as they overlap with requirements on the IDD. Solvency II should become a directive with exclusively prudential requirements. Moreover, the Distance Marketing Directive should be repealed for all insurance products, as advocated by Assuralia in the DMD consultation ran by the EC last year.</p> <p>Having all disclosures in one framework would simplify the compliance effort as well as consumers' journey.</p>	Noted. EIOPA recommends that existing duplications between Solvency II and PRIIPs KID disclosure requirements could be addressed by disapplying non-personalised Solvency II pre-contractual disclosures. The personalised disclosures from Solvency II, as well as the generic disclosures from Solvency II that are not included in the PRIIPs KID, should be transferred to the IDD.
Italian Banking Association	Q2	Please see our answer to Q1.	
AGEA (French association of general insurance agents)	Q2	<p>Rationalization and increased readability of legislation are welcomed in particular when it allows better, effective and well-informed implementation by professionals of consumer protection provisions.</p> <p>Consequently, there is no reason to oppose these transfers, as long as they are made in accordance with the same law and do not entail any additional compliance costs.</p> <p>Regarding online sales, they should not be used as a means to simplify or reduce information handed out to the consumer. A level playing field must be fully maintained, taking into consideration the risk induced by distance marketing and sales.</p>	Noted.
ANASF	Q2	We agree with the proposed approach. We believe that it is better to apply KID-PRIIPs disposition, by disapplying certain disclosure's requirements of the Solvency Directive and the DMFSD Directive.	Noted. EIOPA recommends that existing duplications between Solvency II and PRIIPs KID disclosure requirements could be addressed by disapplying non-personalised Solvency II pre-contractual disclosures. The

			personalised disclosures from Solvency II, as well as the generic disclosures from Solvency II that are not included in the PRIIPs KID, should be transferred to the IDD.
Austrian Insurance Association (VVO)	Q2	<p>Yes, the VVO supports EIOPA’s proposal to disapply a number of disclosure requirements in the Solvency II Directive and the Distance Marketing of Consumer Financial Services Directive and rationalise any remaining requirements in the IDD.</p> <p>This would simplify the application of the overall disclosures framework and would also better reflect the different nature of the IDD and Solvency II, since the latter is primarily not a conduct of business directive. In addition, due to existing and well-established national specificities and local requirements, a thorough analysis of which changes bring about an improvement for both product providers and clients is needed.</p> <p>For the well-functioning of a single disclosures framework, it must to be clear whether information should be delivered by the manufacturer or the intermediary. This liability aspect needs careful consideration, since Solvency II was designed as a framework for insurance firms, while the IDD provisions apply to both product manufacturers and distributors. At the same time, the interplay between personalised information and the standardised PRIIPs KID would also need to be analysed more closely, to avoid redundancies and preserve the generic nature of the PRIIPs KID.</p> <p>As per Q1, the VVO also supports EIOPA’s proposal to allow a “digital by default” approach in the IDD, with the option for consumers to ask for information on paper or in a printable format if they wish, and EIOPA’s encouragement of layering and other digital-friendly approaches.</p> <p>These represent important steps towards a simpler consumer journey. The VVO also recommends reducing the information overload faced by consumers, taking out redundant information and avoiding the proliferation of new templates and labels. In</p>	<p>EIOPA recommends that existing duplications between Solvency II and PRIIPs KID disclosure requirements could be addressed by disapplying non-personalised Solvency II pre-contractual disclosures. The personalised disclosures from Solvency II, as well as the generic disclosures from Solvency II that are not included in the PRIIPs KID, should be transferred to the IDD.</p> <p>Noted.</p>

		<p>recent years, insurers have been confronted with a significant increase in the quantity of regulation and too frequent reviews and amendments to legislation, sometimes even before they have adjusted to the new rules and before there is sufficient evidence of a need for changes. This leads to inconsistency, overlaps and duplications, because the cumulative impact of individual rules is not considered and the coherence of the entire regulatory framework is not taken into account.</p> <p>Market and supervisory transparency objectives should not be mixed with consumer protection objectives: disclosures are just one of the safeguards provided by the IDD and are effective only if they are designed around real consumer's needs. The EC should be required to carry out "confusion audits", namely checks or reviews of the EU legislative acts to assess the level of confusion caused by different disclosures requirements, both in terms of legal uncertainty for financial market participants and in terms of consumers' ability to navigate and absorb the information received. A balance is needed in terms of compliance to disclosure regulations by product providers and a thorough understanding of information provided to clients.</p>	Noted.
Bund der Versicherten (BdV - German Association of Insured)	Q2	<p>With regard to information requirements (general and pre-contractual) IDD, PRIIPs and DMFSD are the most important regulations, because according to them the direct contact to the customers by product providers and distributors is established. That is why - as EIOPA states - a solution to address the duplication of disclosures could be to distinguish more the purpose of these documents and details of the information disclosed i.e. the PRIIPs KID including more generalised information, while personalised disclosures currently under Solvency II being transferred to IDD, as Solvency II is primarily not a conduct of business directive. Therefore we agree with EIOPA's proposals of reducing the duplicities related to IBIP term, product features, taxes, risks, payments and costs (identical and partially identical information requirements, cf. tables 1 and 2, p. 12/13 of CP). But there should be an obligatory hint given in Solvency II and DMFSD documents that these information requirements can be found in documents based on IDD and PRIIPs regulations.</p>	Agreed. Personalised disclosure from Solvency II is important to help the consumer understand how the specific features of the product it is interested in. EIOPA proposes an approach of transferring both the missing generic and personalised elements from Solvency II into the IDD, without creating a separate disclosure document for the personalised disclosures.

<p>Fédération Bancaire Française</p>	<p>Q2</p>	<p>FBF has not precisely examined the potential impact of the transfer of disclosure requirements from the Solvency 2 directive and the DMFSD to IDD.</p> <p>It therefore does not to express any opinion about the EIOPA proposition.</p> <p>But FBF wishes to point out that such “transfers” should have to be scrutinized since the scopes of these directives are different.</p> <p>For instance, IDD applies to all insurance distributors regardless of the client to whom the insurance contract is distributed while DMSFD refers to the distribution of all financial services (included banking and investment services) to consumers only.</p> <p>As indicated in our response to question 1, these texts apply to different financial bodies/players (insurance undertakings for Solvency 2, insurance distributors for IDD and consumers for DMFSD). It is important that each of the actors remain responsible for the information they have to provide.</p>	<p>Noted.</p>
<p>Gesamtverband der Deutschen Versicherungswirtschaft e. V.</p>	<p>Q2</p>	<p>We share EIOPA’s concerns that current consumer information often fails to achieve its purpose due to being too extensive and too complicated, thus detracting and discouraging the consumer from taking note of the truly important information.</p> <p>In this respect, we agree with EIOPA’s approach to consolidating the disclosure requirements relevant to IBIPs, especially the older provisions in the DMFSD and the Solvency II Directive. It is important to reduce the amount of information in its entirety to be able to provide the customer with a clear product presentation – only with the main facts - as a useful basis for decision-making. The DMFSD is largely outdated in terms of content, not only about IBIPs. Regarding the current revision of the Directive, the German insurers are, therefore, in favour of repealing it in its entirety and transferring remaining rules – those which are still relevant – to sector-specific regulations. Accordingly, we support the idea of combining all the requirements remaining in the DMFSD and the Solvency II Directive in the IDD.</p> <p>While we support EIOPA’s considerations on the layering of information in digital</p>	<p>Noted.</p>

	<p>formats and digital by default information provision, this should not side-track from the effort to reduce the amount of information in its entirety. Consumers should not have a perception that the information is “bottomless”. A “one in one out” principle should be followed when introducing new information requirements, such as e.g., on the ESG features of the product. It should, furthermore, not be forgotten that, although more and more customers rely on digital information, there are still customers who prefer to receive the information on paper. Any requirements will, therefore, also must be practicable and concise if implemented on paper.</p> <p>The transfer of remaining obligations and rules to the IDD should be used to modernise them accordingly. This relates in particular to the right of withdrawal currently granted to policyholders by both the Solvency II Directive and DMFSD and which will also be required in the future. Omissions in the drafting of the relevant provisions have led to the emergence of a possibility for policyholders to withdraw from their respective contract’s decades after their conclusion if the information provided to the policyholder was not completely correct (see the judgments of the ECJ of 19 December 2013, C-209/12 and of 19 December 2019, C-355/18). The German Insurance Ombudsman describes in its annual report 2020 (see the report, page 23) that law firms specialising in this topic have developed a systematic business based on this point of legal uncertainty, offering consumers the prospect of receiving further payments from the insurer, in some cases many years after the payment of the maturity benefit or the surrender value. Such an "eternal right of withdrawal" is very unusual in the legal system. We are of the view that in the end, regulation must be designed in a way that creates legal peace for all contract parties after a stipulated limitation period has been reached. More modern legislation, such as the Consumer Rights Directive, provides for the expiry of the right of withdrawal, one year after the conclusion of the contract (Article 10 (1)). However, the Consumer Rights Directive does not apply to insurance contracts. The concerning provisions for the insurance sector, which date back more than 30 years in the case of the provision in the Solvency II Directive (Article 15 of Directive 90/619/EEC), should be amended accordingly.</p>	
--	--	--

		<p>In addition, we suggest that legal certainty for customers and insurers should be further increased by a concise model cancellation policy at European level (based on Annex I of the Consumer Rights Directive).</p> <p>We also welcome EIOPA's comments on the integration of behavioural principles by manufacturers in the development of consumer information. Most insurers already today examine their information documents from a consumer perspective before putting them into use. However, it should be noted that where legal requirements demand the provision of overly complicated information, this cannot be transformed into simple information merely by the way it is presented. We, therefore, strongly support EIOPA's demand that consumer tests are resorted to in the development of new legislation at every level, in particular at Level 1. Furthermore, EIOPA correctly points out that legal risks are a factor for undertakings in how they design and provide the information. We would like to stress that these risks are real. As we pointed out above, disputes regarding the customer information can ultimately lead to all contracts concerned being indefinitely revocable. For German life insurers, this is currently the number one cause for litigation. These risks often leave very little leeway for insurers in the implementation of information requirements.</p>	
ING Bank NV	Q2	Yes, we believe this would help to align and harmonize legislation and would help to reduce the information overload that consumer feel when receiving all their pre-contractual information.	Noted.
Bundesverband Deutscher Vermögensberater	Q2	<p>Wie bereits oben dargelegt, dürfen die dem Kunden gegebenen Informationen keinesfalls zu umfangreich sein - schon deswegen begrüßen wir sehr EIOPAs Ansatz, Redundanzen zu vermeiden und bei den Informationen nach Solvency II und der Fernabsatzrichtlinie generell Streichungen vorzunehmen und die Offenlegungspflichten künftig in der IDD zu konzentrieren. Auch eine generelle Straffung der Informationsflut ist sehr sinnvoll.</p> <p>Sicherlich ist der elektronische Antragsweg zeitgemäß und als Standardoption zukunftsweisend. Man sollte - je nach Kundenwunsch - sowohl den elektronischen als auch dem Papierantragsweg ermöglichen. Gerade bei dem elektronischen Antragsweg darf es dann aber auch kein Medienbruch geben, dass beispielsweise einzelne Unterlagen zusätzlich auf dem Papierwege noch einzureichen sind.</p>	Noted.

		<p>Natürlich begrüßen wir auch EIOPAs Herangehensweise, durch Kundenbefragungen, die Verbraucherfreundlichkeit der vorvertraglichen Informationen zu evaluieren und ein besonderes Augenmerk auch auf die einfache Darstellung zu legen. Trotzdem muss man hier ebenfalls berücksichtigen, dass Unternehmen immer in einem juristischen Kontext eingebunden und Haftungsproblematiken ausgesetzt sind und „ewige Widerrufsrechte“ für Kunden aufgrund gerichtlicher Entscheidungen vermieden werden müssen. Hinzu kommt, dass technische Begriffe wie beispielsweise „Effektivkosten“ und „Schlussüberschussanteil“ (im Antrag, in Bedingungswerken oder in der Beratungsdokumentation) dem Kleinanleger einfach nicht verständlich sind. Aus Gründen der Rechtssicherheit müssen diese Fachbegriffe - auch zum Schutz des Kunden - juristisch sauber definiert werden. Es entsteht somit eine Diskrepanz zwischen juristischen Anforderungen auf der einen und Verständlichkeit auf der anderen Seite.</p>	
Actuarial Association of Europe	Q2		
Die Deutsche Kreditwirtschaft	Q2		
Allianz SE	Q2	<p>Allianz has consistently challenged the multiple overlapping or even inconsistent information that needs to be provided to the customer.</p> <p>The approach proposed by EIOPA aims to relieve consumers and industry from duplicative disclosures requirements and is in principle supported by Allianz. However, as discussed in Q1 and Q3, existing national requirements, national specificities and necessary individual information require a meticulous analysis which changes really constitute an improvement for consumers.</p>	Noted.
FECIF	Q2	<p>On behalf of our members, we welcome the reduction of bureaucratic hurdles such as duplicating disclosure requirements. Duplicate disclosure requirements should be avoided as a matter of principle. However, it must always be taken into account that all distribution channels must be treated equally. Facilitations and improvements must apply to every distribution channel. It is not acceptable if disclosure obligations</p>	Noted. The removal of duplications applies to all IBIPs, not only those sold in distance.

		were no longer applicable only in distance selling. There is no justification for such unequal treatment.	
Sparbanken Skåne AB (publ)	Q2	Yes	
VOTUM Verband	Q2	On behalf of our members, we welcome the reduction of bureaucratic hurdles such as duplicating disclosure requirements. Duplicate disclosure requirements should be avoided as a matter of principle. However, it must always be taken into account that all distribution channels must be treated equally. Facilitations and improvements must apply to every distribution channel. It is not acceptable if disclosure obligations were no longer applicable only in distance selling. There is no justification for such unequal treatment.	Noted. The removal of duplications applies to all IBIPs, not only those sold in distance.
Question 3: Notwithstanding the proposed approach set out in Q2, do you consider that there is an element of personalization under the provisions in Solvency II Directive that would justify delivery of personalized information separately and in addition to the generalized information in the PRIIPs KID?			
Polish Chamber of Insurance	Q3	<ul style="list-style-type: none"> • We do not support a short, personalised document. • It is important to clarify at Level 1 that the new rules only apply to contracts concluded after they entered into force to avoid a disproportionate burden on manufacturers. • Most of provisions under Article 185 of the Solvency II Directive are of a generic nature. • The remaining personalised disclosures under Solvency II (term of the contract (art. 185.3.b); information on the premiums for each benefit, both main benefits and supplementary benefits, where appropriate (art. 185.3.g); an indication of surrender and paid-up values and the extent to which they are guaranteed (art. 185.3.f)) should be included in already existing documents. • The PRIIPs KID should not be personalized in any case. 	Partially agreed. A separate disclosure document is not recommended in the final advice.
BETTER FINANCE	Q3	In line with the answer provided for Q2, we agree with EIOPA's proposal to separate Solvency II disclosures for non-IBIPs, standardise them into a KID-like document, and move these requirements under IDD. It would bring significant benefits for consumer	Partially agreed. However, a separate KID-like document is not recommended in the

		<p>understanding, comparability, but also financial literacy, if such documents would be as similar as possible to the PRIIPs KID.</p>	<p>final advice. Taking into account the specific nature of these Solvency II provisions, and the overall feedback, it was not considered clear that requiring such a separation from other pre-contractual information would be beneficial for the consumer.</p>
Irish Life Assurance PLC	Q3	<p>Irish Life Group believes there is merit in providing an element of personalised information. However, it would be preferable to have all information, whether generic or personalised, in one place for the customer – this would simplify the customer journey and compliance effort. Any new requirements should, therefore, replace/enhance existing disclosure requirements as opposed to being an additional requirement.</p> <p>There are specific local regulations which already provide for personalisation in the Irish Market. We would suggest that, as part of any new proposals, an onus should be placed on national regulators to ensure that any local requirements do not unnecessarily duplicate or overlap with EU principles or requirements. Any proposals could also, so as to drive consistency, include a requirement that any national rules are always subject to limits on the maximum number of pages that should apply.</p>	<p>Noted, including that it can be preferable to have all information in one place for the customer.</p>
Unipol Gruppo S.p.A.	Q3	<p>On a general note, it is worth consider that pre-contractual information are addressed to the general public and, thus, it would be unpractical to provide personalised information in such phase. On the contrary, personalised information are often provided ex post, as firms are able to provide personalised information only after having acquired the relevant data, which is indeed after entering into an agreement with the policyholder.</p> <p>In this respect, it is worth noting that some Member State have already introduced the requirement to provide a set of personalised information in the context of ex post</p>	<p>Not agreed that personalised information is only relevant to provide ex post.</p>

		communication (e.g. IVASS introduced an annual statement similar to that proposed by EIOPA in this consultation document).	
France Assureurs (Fédération Française de l'Assurance)	Q3	<p>No, from a consumer's perspective, there is no need for an additional, separate, personalised document. Most of the provisions under Article 185 of the Solvency II Directive are of a generic nature. The remaining, potentially more personalised disclosures under Solvency II could be included in already existing documents. This approach would allow for the better integration of the relevant information, if necessary, into the formats already developed at national level with less disruption and confusion.</p> <p>More personalised information cannot, in any case, be introduced in the PRIIPs KID. The PRIIPs KID is a standardised, generic document aimed at summarising the main features of the product, targeted at the type of retail investor to whom the product is intended to be marketed and based on a number of assumptions, such as a fixed level of premiums. The EC should consider that the PRIIPs KID comes on top of the more personalised disclosures that consumers receive based on the IDD framework and in the contractual documentation, and is not the only tool to ensure an adequate level of consumer protection.</p>	Noted.
Insurance Ireland	Q3	<p>No. Insurance Ireland members note that the purpose of the IDD is to allow standardisation across the industry and question whether personalisation of the PRIIPs KID would be in line with this. It was also noted that life policies and Personal Retirement Savings Accounts within the Irish jurisdiction already provide for personalisation under domestic regulations. Under the Life Assurance (Provision of Information) Regulations, personalised information is provided to the consumer and the benefit to the consumer is acknowledged in this instance. However, a balance must be struck between meaningful information and information overload for the consumer. The benefit of the PRIIPs KID exists in its limitation on size and the requirement to provide to the consumer vital information only.</p> <p>It is important that the European Commission have regard to well-established national regulation that already ensures adequate consumer protection.</p>	Noted.

ANIA	Q3	<p>We are strongly against additional personalized documents to the client.</p> <p>Such documentation would add further complexity to the client's ability to understand the product he or she is about to purchase, would generate confusion with the much quantitative information he or she already receives through the KID and the other supplementary documents provided for at the national level - in Italy, the DIP Aggiuntivo IBIP (IBIP additional pre-contractual information document) provided for by the rules set by IVASS - and would make the objective of comparability between PRIIPs more difficult, because the client would have to compare several KIDs and several personalized documents of different products in order to make an informed choice. Ultimately, the proposal, which foreshadows very significant implementation costs, does not seem to be supported by a favourable balance between questionable benefits for the client and excessive burdens for the client and the operators. In any case, any modification of certain primary provisions should never provide for their regulatory effectiveness ex-tunc, but only from their entry into force in order to avoid a disproportionate burden on manufacturers.</p>	Noted.
Bundesarbeitsgemeinschaft zur Förderung der Versicherungsmakler (BFV)	Q3	Wir halten die in Deutschland praktizierten Informationspflichten für ausreichend.	Noted.
Insurance Europe	Q3	<p>No, from a consumer's perspective, there is no need for an additional, separate, personalised document. Most of the provisions under Article 185 of the Solvency II Directive are of a generic nature. The remaining, potentially more personalised disclosures under Solvency II could be included in already existing documents. This approach would allow for the better integration of the relevant information, if necessary, into the formats already developed at national level with less disruption and confusion.</p> <p>More personalised information cannot, in any case, be introduced in the PRIIPs KID. The PRIIPs KID is a standardised, generic document aimed at summarising the main features of the product, targeted at the type of retail investor to whom the product is intended to be marketed and based on a number of assumptions, such as a fixed level of premiums. The EC should consider that the PRIIPs KID comes on top of the more</p>	Noted.

		personalised disclosures that consumers receive based on the IDD framework and in the contractual documentation, and is not the only tool to ensure an adequate level of consumer protection.	
VOTUM Verband	Q3	Für eine Personalisierung auf Basis der genannten Anforderungen sehen wir keine Notwendigkeit und auch keine Verbesserung für den Verbraucher. Die bisherigen Informationen aus PRIIPs sind ausreichend. Wir sind nicht der Auffassung, dass weitere Informationen hinzugefügt werden müssen.	Noted.
Austrian Federal Economic Chamber, Division Bank and Insurance	Q3	<p>No, from a consumer’s perspective, there is no need for an additional, separate, personalised document. Most of the provisions under Article 185 of the Solvency II Directive are of a generic nature. The remaining, potentially more personalised disclosures under Solvency II could be included in already existing documents. This approach would allow for the better integration of the relevant information, if necessary, into the formats already developed at national level with less disruption and confusion.</p> <p>More personalised information cannot, in any case, be introduced in the PRIIPs KID. The PRIIPs KID is a standardised, generic document aimed at summarising the main features of the product, targeted at the type of retail investor to whom the product is intended to be marketed and based on a number of assumptions, such as a fixed level of premiums. The EC should consider that the PRIIPs KID comes on top of the more personalised disclosures that consumers receive based on the IDD framework and in the contractual documentation, and is not the only tool to ensure an adequate level of consumer protection.</p>	Noted.
EIOPA IRSG	Q3	<p>The IRSG sees benefits in the approach set out in Q2 and, as EIOPA writes, the relevant Solvency II Directive provisions tend to have a generic nature.</p> <p>The IRSG does not believe that – as proposed by EIOPA in point 35, p 14 – it is advisable to create another, personalized pre-contractual document alongside the existing (generic) KID.</p>	Noted. It is not recommended to create a separate pre-contractual document.
BIPAR	Q3	The information in a KID must ensure product comparability and transparency about the features of a product (including costs). The KID is from a “distribution” perspective	Noted.

	<p>a stand-alone and completely separate source of information. When the product upon which a KID is based is offered as the or one of the solutions for a specific client then the IDD information requirements are triggered. IDD information /disclosure/ transparency requirements deal with the transparency between a distributor/ intermediary and a client. The KID information related to costs is thus not in contradiction of the IDD information requirements, the IDD information requirements are a logical and complementary next step to the KID/ PRIIPS cost information requirements.</p> <p>In the KID it is furthermore impossible to define distribution costs or inducements because the KID can be distributed via various channels.</p> <p>The PRIIPs regulation therefore rightly refers to the need for the retail investor to understand the cumulative effect that these aggregate costs have on the return of the investment (art 8,3.f (PRIIPs regulation level 1) and the PRIIPs Regulation (in the same article) stipulates that the KID should contain a clear indication that advisors, distributors or any other person advising on, or selling, the PRIIP will provide information detailing any cost of distribution that is not already included.</p> <p>We agree that all costs which have an impact on the potential return of an IBIP must be transparent. As explained above, both IDD and PRIIPS in combination regulate this transparency in clear way and on the basis of a level playing field between direct and intermediated products.</p> <p>--</p> <p>BIPAR does not believe that - as proposed by EIOPA in point 35, p 14 – it is advisable to create another, personalized pre-contractual document alongside the existing (generic) KID in order not to add to the information overload and confusion.</p> <p>In a purely digital context it can be interesting to ensure that the personalized “offer” (the specific contract conditions) cannot be signed (unintentionally) by a tick the box approach and that the consumer has the opportunity to see clearly what is on offer.</p>	
--	---	--

		The Solvency II information (potentially transferred to IDD) to be delivered to customers could be delivered to customers in the same way as insurers already do.	
Assuralia	Q3	<p>Assuralia does not agree with the proposed approach set out in Q3. We don't see any element of personalization under the provisions in Solvency II that would justify delivery of an additional personalized document. Assuralia would like to highlight the key role of the intermediary in this matter, as he's the one who provide personalized advice.</p> <p>We also fear that an additional document would lead to consumer confusion and therefore misinformation, as consumers will be drowning in disclaimers and information documents.</p>	Noted.
Italian Banking Association	Q3	Please see our answer to Q1.	Noted.
AGEA (French association of general insurance agents)	Q3	<p>In order to simplify and not to increase the documentary burden, the creation of an additional document would not be advisable.</p> <p>Residual Solvency II information (which are potentially to be transferred to the IDD) that are to be delivered to the clients should be handed out according to the methods already in place at Member-State level for the insurers (in France, for instance, see articles L. 132-5-2 and A. 132-4 of the Insurance Code).</p> <p>With regard to the PRIIPs regulation, it must be noted that the objectives of comparability, readability of performance and cost disclosures have not been achieved. For a more concrete approach, the work of the French Consultative Financial Sector Committee (Comité Consultatif du Secteur Financier – CCSF) may be consulted: Recommendation of the French Consultative Financial Sector Committee on the PRIIPs review.</p>	Noted.
ANASF	Q3	We think that is not necessary to increase disclosure's personalization of the Kid-PRIIPs Regulation. We consider that the investor can well understand the financial/insurance product thanks to the information provided by the PRIIPs Regulation. In our opinions, it is always better that the disclosure of the KID to the	Noted.

		client is done by a financial advisor, as the investor can better understand the details of the product.	
Austrian Insurance Association (VVO)	Q3	<p>No, from a consumer’s perspective, there is no need for an additional, separate, personalised document. Most of the provisions under Article 185 of the Solvency II Directive are of a generic nature. The remaining, potentially more personalised disclosures under Solvency II could be included in already existing documents. This approach would allow for the better integration of the relevant information, if necessary, into the formats already developed at national level with less disruption and confusion.</p> <p>More personalised information cannot, in any case, be introduced in the PRIIPs KID. The PRIIPs KID is a standardised, generic document aimed at summarising the main features of the product, targeted at the type of retail investor to whom the product is intended to be marketed and based on a number of assumptions, such as a fixed level of premiums. The EC should consider that the PRIIPs KID comes on top of the more personalised disclosures that consumers receive based on the IDD framework and in the contractual documentation, and is not the only tool to ensure an adequate level of consumer protection.</p>	Noted.
Bund der Versicherten (BdV - German Association of Insured)	Q3	Yes, we agree with EIOPA's proposal to separate personalized information requirements for IBIPs in the PRIIPs KID from general product information requirements based on Solvency II. Therefore it could be considered to limit the scope of Solvency II pre-contractual disclosures under Article 185 to “pure protection” life insurance products as the scope of the Solvency II disclosures includes also pure protection life insurance products and since they are not IBIPs, consumers of such products do not receive other standardised EU level disclosures. Hence, for these products, the generalised information required under Solvency II provisions could be kept and moved into the IDD (cf. CP, p.15).	Partially agreed. The advice addresses only the approach for IBIPs, taking into account the mandate from the Commission.
Fédération Bancaire Française	Q3	No, FBF believes it is not relevant to create a new document summing up the terms of the contract and providing information on the premiums or indication of surrender and paid-up values and the extent to which they are guaranteed.	Noted.

		<p>The insurance undertaking must already provide this information, under French national law (article L.132-22 of the French code of insurance)</p> <p>We also note that article 18 of Delegated regulation (UE) 2017/2359 already require that a periodic report be remitted to the client on an annual basis, when providing him with a personalized recommendation.</p> <p>It is essential not to flood the clients with excessive information or documents and any additional requirement would contradict the approach set out in question 2.</p> <p>FBF believes that the European Commission should focus on simplification of information provided to retail clients rather than the creation of any new information documents.</p>	
Gesamtverband der Deutschen Versicherungswirtschaft e. V.	Q3	In Germany, the information requirements of the Solvency II Directive are implemented as personalised information, insofar as this is possible. We believe that some basic information points could be provided in individualised form.	Noted.
ING Bank NV	Q3	Yes, in general we are in favour to provide customers with more personalized and relevant information. The requirements like in the KID tend to be one-size fits all but could be better presented by taking into account the customer's situation, product choice and information provided by the customer	Noted.
Bundesverband Deutscher Vermögensberater	Q3	Die bisherigen Informationen aus PRIIPs sind ausreichend. Wir sind nicht der Auffassung, dass weitere personalisierte Informationen hinzugefügt werden müssen.	Noted.
Allianz SE	Q3	<p>Personalized information can be important where key product features like costs depend on the specific contract. Usually national law already requires the necessary disclosures, which are tailored to the national specificities. These national requirements are based on the Solvency II Directive but can often go above and beyond.</p> <p>The current PRIIP methodology is not generally suitable for personalized information.</p>	Noted.

		Designing new methodology across the very broad scope of PRIIP which allows for personalized calculations poses new challenges.	
FECIF	Q3	We do not see any need for personalisation based on the above requirements, nor do we see any improvement for the consumer.	Noted.
VOTUM Verband	Q3	We do not see any need for personalisation based on the above requirements, nor do we see any improvement for the consumer.	Noted.
Q4. Do you agree that to address the current gap on periodic disclosures, it makes sense to require the disclosure of an “annual statement” which could include information on paid premiums, past performance, current value of the savings, as well as adjusted projections?			
Polish Chamber of Insurance	Q4	<ul style="list-style-type: none"> • EIOPA is proposing a new “Annual statement”, “similar to the Pension Benefit Statement for IORPs and PEPPs”. The document that would include information on paid premiums, associated costs and charges paid, past performance, current value of the savings, adjusted individualised projections (in particular for long-term IBIPs), what happens if the policyholder dies (or another insured event occurs), what happens if the policyholder terminates the contract at that point in time and, in the case of unit-linked protection policies, for which the policy terms and conditions allow for periodic premium reviews, the projected premiums required to maintain existing protection benefits until the ages of 55, 65, 75 and 85. • PIU do not support a new annual statement. • It is important to clarify at Level 1 that the new rules only apply to contracts concluded after they entered into force to avoid a disproportionate burden on manufacturers. • IDD already foresees periodic communications: Article 18 IDD DAs on IBIPs foresees that the insurance intermediary or insurance undertaking shall provide the customer with a periodic report, on a durable medium, of the services provided to and transactions undertaken on behalf of the customer. The periodic report shall provide a fair and balanced review of the services provided to and transactions undertaken on behalf of that customer during the reporting period and shall include, where relevant, the total costs associated with these services and transactions, and the value of each underlying investment asset. The periodic report shall be provided at least annually. This has been already implemented at national level based on the most appropriate formats. 	<p>Noted.</p> <p>The annual statement is different and complementary to the existing periodic communications in IDD, since it covers the status of the investment without being dependent on additional services or transactions.</p> <p>The final advice discusses further the relevance of individualised projections.</p> <p>The assessment has considered primarily gaps in EU law while taking into account feedback on existing national laws.</p>

		<ul style="list-style-type: none"> • PEPP and pension products already have an “annual statement” and are not the right benchmark, since they have very different objectives and features compared to IBIPs. • We are against adjusted individualised projections in periodic disclosures because life insurance is different from pension products. In pension products the recommending holding period is the age of retirement. In life insurance due to the multiple objectives of the product (savings, heritage, retirement) the meaning of projections is lower. • We don’t wish an annual statement is foreseen at European level because, in the absence of a European system, legislation has been put in place at national level and is a priori completely adapted to local products (unlike European standards which sometimes have difficulty adapting to the diversity of IBIPs in Europe). In addition, with current digital tools, policyholders already have real-time access to their contract information. • Any “annual statement” should be issued by the insurer or product manufacturer. 	
BETTER FINANCE	Q4	<p>As mentioned in the earlier comments, we congratulate EIOPA for the progressive approach taken towards improving consumer disclosures. We believe EIOPA correctly identified, conceptually, the two pillars on which optimal disclosures for consumers rest and we advise EIOPA to coordinate with the other European Supervisory Authorities on this good practice: first, the need to make a distinction in EU law between disclosures as a tool for market transparency (derived from efficient market theories) and supervisory tools (capital market integrity and investor protection) and disclosure as tool to help consumers make an informed decision. However, we highlight in this sense that what consumers want to know may be very different from what consumers need to know, especially given the low level of financial literacy and behavioural biases consumers are prone to. In this sense, consumer disclosures must also have an educational dimension, to guide the consumer decision making towards the elements that underpin a sound and informed decision.</p>	<p>Agreed. The information on the actual past performance of the investment is proposed to be vital information (i.e. Layer 1) within the proposed annual statement.</p> <p>It is proposed that the nature, and (subject to the outcome of the Commission’s legislative proposals) the amount, of the remuneration received is vital information / is relevant to include in the annual statement.</p>

		<p>Second, we agree with EIOPA that the design of consumer disclosures must be based on behavioural testing, which must be done at Level 1.</p> <p>In terms of what vital information should be subject to consumer testing, we believe that information on past performance should be added to the first layer in addition to the current value of savings (the savings “pot”). Moreover, as highlighted for Q12, the document should highlight whether ongoing commissions are paid or not to the distributor. In addition, given the current developments in terms of inflation, we believe that EU law should mandate the adjustment of net performance presentation with inflation, and standardise it across all consumer disclosures. Regarding the second and third layers performance and cost projections should be eliminated. In this sense, we believe that the readjustment of the performance projections will not have added value, but further confuse consumers.</p>	<p>The final advice discusses further the relevance of individualised projections.</p>
<p>Irish Life Assurance PLC</p>	<p>Q4</p>	<p>An annual statement is not a novel idea to the Irish market. Under Ireland’s Consumer Protection Code, insurance product providers are required to provide annual statements to pension, investment and unit linked protection policyholders. The report must consist of a summary of transactions that have taken place on the pension and savings product during the previous period. This includes premiums paid, opening and closing balances, any withdrawals made, additional amounts invested, charges and the movement in value, taking account of investment performance. We believe that, in an Irish context, this is already sufficient and do not support any further development on top of this national requirement.</p> <p>The European Commission should, therefore, have regard to national regulation. We would suggest that, as part of any new proposals, an onus should be placed on national regulators to ensure that any local requirements do not unnecessarily duplicate or overlap with EU principles or requirements. If the European Commission decides to introduce an annual statement, an impact assessment and consumer testing should be carried out against pre-existing requirements in each member state.</p> <p>When designing customer disclosures, the starting point should be behavioural</p>	<p>Noted.</p>

		<p>research and enable sufficient time and resources for consumer testing, rather than any other supervisory or transparency objectives. The testing that is carried should be holistic and consider the overall customer journey rather than focusing on specific pieces in isolation. Statements should be short, understandable, adaptable for digital distribution and the ultimate goal being to allow customers make informed decisions. Any new document should replace / enhance existing disclosure requirements as opposed to being an additional requirement.</p>	
Unipol Gruppo S.p.A.	Q4	<p>The requirement to provide periodic information to the client is already envisaged by Art. 185 Solvency II and by Art. 29 IDD. That being said, as already mentioned in our answer to Q3, some Member State have already introduced an annual statement similar to that proposed by EIOPA, which includes more information than that required by the relevant EU legislations. In general terms, ex post information can provide value not only in the perspective of clients' information but also to maintain and foster the clients' engagement, which is particularly relevant for insurance companies (which do not have as much contact with the clients as banks) and specifically for IBIPs, due to their long-term horizon.</p> <p>However, we deem that the "adjusted individualised projections" proposed by EIOPA should be removed from the list of information to be provided in the annual statement. Indeed, it is not clear whether such projections refer only to the performance scenarios related to the investment option chosen by the client in the context of multi-option products (MOPs, as already provided by PRIIPs Delegated Regulation) or whether they require further elaboration by insurance undertaking, e.g. by re-calibrating performance scenario according to the dynamic holding time of the single client. In the latter case, we think that the value of the information to the client (which is minimum) does not offset the significant implementing costs for the insurers, also in terms of IT systems. More in general, it is worth considering that information on performance scenarios are already provided by the KID and clients can easily access (or ask for) the updated version of the KID with the latest performance scenario. Therefore, we do not agree with the need to provide adjusted individualised projections nor performance scenario in the context of the annual statement.</p>	Noted.

		<p>Also, it is not clear whether in EIOPA’s proposal the annual statement shall be provided by the insurance company or by the intermediary. To avoid that clients receive the same information from both the insurer and the intermediary, suggestion is specifying the entity responsible for the provision of the annual statement.</p>	
<p>France Assureurs (Fédération Française de l'Assurance)</p>	<p>Q4</p>	<p>Well-established annual information already exists in many markets across the EU, especially in France. Periodic communications have been developed at national level based on the most appropriate formats.</p> <p>National solutions also take into account the diverse features of the IBIPs offered in the different markets. Besides, many companies have already implemented their own platforms, portals or apps that allow clients to monitor their insurance and investment portfolios, sometimes with interactive features. It is therefore absolutely necessary to first assess the local issues and national situation.</p> <p>Therefore, the answer to the question is no, it would not make sense to require the disclosure of a new EU “annual statement” for IBIPs, similar to the Pension Benefit Statement for IORPs and PEPPs. Simply adding up documents, or encouraging the co-existence of a new EU statement besides national disclosures and digital solutions developed by insurers, must be ruled out. Hence, France Assureurs rejects the suggestion of a new, EU-wide harmonized annual statement.</p> <p>As to EIOPA’s reference to IORPs and PEPPs periodic disclosures, pension products have very different objectives and features compared to IBIPs, and pension benefit statements cannot be used as a benchmark for other products’ disclosures.</p> <p>The standardised PRIIPs KID approach has already showed its limitations for pre-contractual disclosures. It would be problematic to require adjusted individualised projections in periodic disclosures for IBIPs. It is not clear if the term “adjusted” would also include inflation, which is the result of a complex set of factors that cannot be forecasted by providers.</p> <p>At the same time, financial education has a key role to play for long-term savings, as</p>	<p>Noted.</p>

		<p>well as the possibility for clients to ask questions and have easy access to comprehensive professional advice.</p> <p>If, despite all this, the EC intends to pursue any new initiative in terms of EU periodic disclosures, prior to any legislative action, EU Institutions need to perform consumer testing on a broad and diverse sample of consumers in different markets, technical testing on all the products in scope and a careful impact assessment. This would be critical to assess what is the essential information that consumers need and if they can be confused by too many communications. In the interest of legal certainty, transparency and comparability, disclosures should always be limited to the most vital information. If any ongoing communication is considered, it would be important to clarify in the Level 1 who is responsible to issue it. Also, any new requirement should only apply to contracts concluded after they entry into force of the review, to avoid a disproportionate burden on manufacturers.</p>	
Insurance Ireland	Q4	<p>An annual statement is a concept already well established in the Irish market. The current IDD provisions on periodic communications for IBIPs are sufficient and consumers are already benefiting from annual statements across the EU. We agree with IE that it is therefore necessary to first assess the local issues and national situations before introducing an EU-wide annual statement.</p> <p>Under Ireland’s Consumer Protection Code 2012, insurance product providers are required to provide annual statements to pension, investment and unit linked protection policyholders. The report must consist of a summary of transactions that have taken place on the pension, PRSA and savings product during the previous period. This includes premiums paid, opening and closing balances, any withdrawals made, additional amounts invested, charges and the movement in value, taking account of investment performance. We believe this statement is sufficient in providing consumer information and protection and do not support the development of a new statement in addition to this national requirement.</p> <p>Members also note their concern in developing a European template similar to that of the PEPPs benefit statement. While it is appropriate for beneficial statements for</p>	Noted. The individualised projection is intended to cover the options chosen and not all possible options.

		<p>pensions to include projections as there is a decided pension age, it is not appropriate to provide projections for unit-linked or life products. On one hand providing a single projection for such products would be misleading however equally providing projections for all options would require a huge amount of information to be disclosed to the consumer which would result in information overload. Additionally, the benefit of the PEPP statement to consumers has not yet been established, as the PEPP is not yet live.</p> <p>Any proposal by the EC to introduce an annual statement should be impact assessed and consumer tested. Necessary regard should also be had to local and national specificities that are already in operation.</p>	
BEUC, The European Consumer Organisation	Q4	BEUC agrees that the introduction of an annual statement would be useful for consumers. We believe that in addition to the information proposed by EIOPA, the annual statement should also include information about the amount of inducements paid to the intermediary.	Agreed.
ANIA	Q4	<p>We do not agree with the hypothesis of introducing a new annual statement similar to those used to report on pension benefits for IORPs and PEPPs, which have the specific purpose of representing to the client any pension gap to be filled, and bearing in mind that the IDD (art. 18) already envisages a periodic report that the insurance intermediary or insurance company must provide to the client, on a durable medium, on the services provided to and the transactions undertaken on behalf of the customer.</p> <p>The periodic report shall provide a fair and balanced review of the services provided to and transactions undertaken on behalf of that customer during the reporting period and shall include, where relevant, the total costs associated with these services and transactions, and the value of each underlying investment asset. The periodic report shall be provided at least annually.</p> <p>Furthermore, with the current digital tools in use by companies (see restricted areas), policyholders already have real-time access to information about their contracts.</p> <p>This fulfilment has already been implemented nationwide based on the formats</p>	Noted. An annual statement is still considered relevant even though some policy holders might access information on their investments more frequently.

		<p>deemed most appropriate.</p> <p>In any event, while there may be grounds for reporting the performance of the contract to the client on an annual basis, being thus able to compare the expected performance forecast in the pre-contractual phase and the actual performance that is determined from year to year - premiums paid, returns obtained, value accrued by the contract - it is considered particularly burdensome and counterproductive to repeat the adjusted projections every year, which could generate confusion in the client between past and future performance. Moreover, we are not aware of other investment instruments and products that have to provide the client with annual performance projections.</p>	
Bundesarbeitsgemeinschaft zur Förderung der Versicherungsmakler (BFV)	Q4	<p>Grundsätzlich begrüßen wir den Vorschlag der EIOPA einer jährlichen Information und verweisen auf die bereits vorhandene Regelung in Deutschland zur Standmitteilung (§ 155 VVG). Wir geben aber zu Bedenken, dass Prognosen zur Wertentwicklung Verbraucher zu falschen Schlüssen verleiten können. Des Weiteren sollte berücksichtigt werden, dass komplex bereitzustellende Informationen für Kosten sorgen, die kosteneffizienten Produkten entgegen stehen.</p>	Noted.
Insurance Europe	Q4	<p>Well-established annual information already exists in many markets across the EU. Periodic communications have been developed at national level based on the most appropriate formats, partly with reference to national pre-contractual information requirements and, for some markets, local tax issues. National solutions also take into account the diverse features of the IBIPs offered in the different markets: for example, in some markets, certain traditional products are more popular than pure unit-linked products, or multi-option products (MOPs) can be more or less customised. Besides, many companies have already implemented their own platforms, portals or apps that allow clients to monitor their insurance and investment portfolios, sometimes with interactive features. It is therefore absolutely necessary to first assess the local issues and national situation.</p> <p>Therefore, the answer to the question is no, it would not make sense to require the disclosure of a new EU “annual statement” for IBIPs, similar to the Pension Benefit Statement for IORPs and PEPPs. Simply adding up documents, or encouraging the co-</p>	<p>Noted.</p> <p>The methodology for any adjusted projections is aimed to be defined at Level 2, including whether it would be appropriate to consider inflation. The general aim would be consistency with the existing methodologies, such as the projections in the PRIIPs KID.</p>

		<p>existence of a new EU statement alongside national disclosures and digital solutions developed by insurers, must be ruled out. Hence, Insurance Europe rejects the suggestion of a new, EU-wide harmonized annual statement.</p> <p>As to EIOPA’s reference to IORP and PEPP periodic disclosures, pension products have very different objectives and features compared to IBIPs, and pension benefit statements cannot be used as a benchmark for other products’ disclosures.</p> <p>The standardised PRIIPs KID approach has already shown its limitations for pre-contractual disclosures. It would be problematic to require adjusted individualised projections in periodic disclosures for IBIPs. It is not clear if the term “adjusted” would also include inflation, which is the result of a complex set of factors that cannot be forecasted by providers.</p> <p>At the same time, financial education has a key role to play for long-term savings, as well as the possibility for clients to ask questions and have easy access to comprehensive professional advice.</p> <p>If, despite all this, the EC intends to pursue any new initiative in terms of EU mandated periodic disclosures, prior to any legislative action, EU Institutions need to perform consumer testing on a broad and diverse sample of consumers in different markets, technical testing on all the products in scope and a careful impact assessment. This would be critical to assess what is the essential information that consumers need and if they can be confused by receiving too many communications. In the interest of legal certainty, transparency and comparability, disclosures should always be limited to the most vital information. If any ongoing communication is considered, it would be important to clarify in the Level 1 who is responsible for issuing it. Any new requirement should only apply to contracts concluded after they entry into force of the review, to avoid a disproportionate burden on manufacturers.</p>	
VOTUM Verband	Q4	Gerade im Bereich der Altersvorsorge liegt der Schwerpunkt auf langfristigen Produkten. Es handelt sich hierbei um Produkte mit einer Laufzeit von mehreren	Noted.

		<p>Jahrzehnten. Der Kunde sollte nach unserer Auffassung bei dieser Art von Produkten die Möglichkeit besitzen, auf Wunsch solche angesprochenen jährlichen Status-Meldungen anfordern können. Starre, unflexible und mit Stichtag versehene Pflichtveröffentlichungen bei solchen Produkten tragen unseres Erachtens nicht zwangsläufig zu mehr Verbraucherschutz bei.</p> <p>Wir erachten den derzeitigen Standard der erteilten jährlichen Informationen als ausreichend. Verbraucher, die weitere Informationen aktiv wünschen, können diese auf Nachfrage bei ihrem Versicherer oder Vermittler erhalten. Eine weitergehende Anforderung wäre nicht im Sinne des Verbraucherschutzes – zumal immer zu bedenken ist, dass zusätzliche Informationspflichten auch mit zusätzlichen Kostenbelastungen einhergehen und so das allgemeine Ziel der Reduzierung von Verwaltungskosten nicht gefördert wird.</p>	
<p>Austrian Federal Economic Chamber, Division Bank and Insurance</p>	<p>Q4</p>	<p>Well-established annual information already exists in many markets across the EU. Periodic communications have been developed at national level based on the most appropriate formats, partly with reference to national pre-contractual information requirements and, for some markets, local tax issues. National solutions also take into account the diverse features of the IBIPs offered in the different markets: for example, in some markets, certain traditional products are more popular than pure unit-linked products, or multi-option products (MOPs) can be more or less customised. Besides, many companies have already implemented their own platforms, portals or apps that allow clients to monitor their insurance and investment portfolios, sometimes with interactive features. It is therefore absolutely necessary to first assess the local issues and national situation.</p> <p>Therefore, the answer to the question is no, it would not make sense to require the disclosure of a new EU “annual statement” for IBIPs, similar to the Pension Benefit Statement for IORPs and PEPPs. Simply adding up documents, or encouraging the co-existence of a new EU statement besides national disclosures and digital solutions developed by insurers, must be ruled out. Hence, the VVO rejects the suggestion of a</p>	<p>Noted.</p>

		<p>new, EU-wide harmonized annual statement.</p> <p>As to EIOPA’s reference to IORPs and PEPPs periodic disclosures, pension products have very different objectives and features compared to IBIPs, and pension benefit statements cannot be used as a benchmark for other products’ disclosures.</p> <p>The standardised PRIIPs KID approach has already showed its limitations for pre-contractual disclosures. It would be problematic to require adjusted individualised projections in periodic disclosures for IBIPs. It is not clear if the term “adjusted” would also include inflation, which is the result of a complex set of factors that cannot be forecasted by providers.</p> <p>At the same time, financial education has a key role to play for long-term savings, as well as the possibility for clients to ask questions and have easy access to comprehensive professional advice.</p> <p>If, despite all this, the EC intends to pursue any new initiative in terms of EU periodic disclosures, prior to any legislative action, EU Institutions need to perform consumer testing on a broad and diverse sample of consumers in different markets, technical testing on all the products in scope and a careful impact assessment. This would be critical to assess what is the essential information that consumers need and if they can be confused by too many communications. In the interest of legal certainty, transparency and comparability, disclosures should always be limited to the most vital information. If any ongoing communication is considered, it would be important to clarify in the Level 1 who is responsible to issue it. Also, any new requirement should only apply to contracts concluded after they entry into force of the review, to avoid a disproportionate burden on manufacturers.</p>	
EIOPA IRSG	Q4	<p>Annual information can be useful as consumers tend to forget what they bought and it may also help them analyse the product they bought and if it still fit for purpose especially if it was intended to pay for a future capital outlay or a pension.</p>	<p>Partially agreed.</p> <p>The assessment has considered primarily gaps in EU law while taking</p>

	<p>However, the majority of IRSG members believe there is no need for additional templates as SII and IDD already foresee such periodic information. Indeed, the IDD already includes requirements for periodic communications for IBIPs, which have been already implemented at national level and there are already requirements for annual statements at national level (often deriving also from the requirements in article 185 para. 5 SII and tailored to the national specificities), developed taking into account products and markets specificities. The standardised PRIIPs KID approach has already shown its limitations.</p> <p>It is important to assess national situation/current issues first.</p> <p>In case a further annual statement would be proposed, consumer testing and further study would be necessary to define the exact contents of such a statement to avoid duplication.</p> <p>Any development of a European annual statement should be subject to a “confusion audit”, representative in terms of numbers and geography.</p> <p>In the interest of legal certainty, transparency and comparability its content should be limited to the most vital information.</p> <p>It is to be noted that with regard to PEPP and pension products, also specific annual statements are also already foreseen. Pension products have very specific objectives and a special national fiscal and regulatory treatment, so they have tailored information requirements.</p> <p>Any “annual statement” should be issued by the insurer or product manufacturer and could be handed over to client either by the product manufacturer or the intermediary.</p> <p>If new annual statements are introduced, they should only be introduced for new business. The existing annual statements should be continued for in-force-business -</p>	<p>into account feedback on existing national law.</p> <p>The annual statement is different and complementary to the existing periodic communications in IDD, since it covers the status of the investment without being dependent on additional services or transactions.</p> <p>Eiopa recommends consumer testing on the detailed content of such a statement.</p>
--	---	--

		<p>otherwise consumers would receive very confusing signals if all figures suddenly changed due to a switch in methodology.</p>	
BIPAR	Q4	<p>BIPAR sees merit in studying a periodic product disclosure requirement. As far as it is not yet in place (national situations need to be studied), a “simple” annual / or periodical – every 5 years or upon request once per year) statement to be produced by the manufacturer or provider, with the main features and state of affairs of the IBIPs, could be useful. We do not think it is necessary to “over” standardize such a document.</p> <p>This may be useful for certain products, in particular in a pure digital environment. However consumers’ testing and further study would be necessary to define the exact contents of such a statement to avoid duplication or unnecessary costs.</p> <p>BIPAR believes that such an “annual/ periodical statement” should be issued by the insurer or product manufacturer and could be handed over to client either by the product manufacturer or the intermediary. The intermediary should in any event receive a copy of such an annual/ periodical statement before it is sent to the client.</p> <p>It does not seem appropriate to include performance projections in an annual statement which could be misinterpreted by the insured. This document should be designed more as a status report for the policyholder like this exists for example in France.</p> <p>In French law (Law No. 2019-486 of 22 May 2019 on the growth and transformation of businesses (PACTE), insurers (producers) for unit-linked products have to produce annual information (Insurance Code, Article L. 132-22) on the status of the contract. In particular, for unit-linked policies: "the values of these units of account, their annual evolution as from the subscription of the contract, the charges levied by the insurance company in respect of each unit of account, the charges borne by the assets in representation of the commitment in units of account during the last known financial year and, where applicable retrocessions of commission received in respect of the financial management of the assets representing the unit-linked commitments by the</p>	Noted.

		<p>insurance undertaking, by its delegated managers, including in the form of a collective investment undertaking, or by the custodian of the assets of the contract, as well as significant changes affecting each unit of account. "</p> <p>This text has helped to improve policyholder information.</p>	
Assuralia	Q4	<p>Assuralia would like to stress that under Belgian law, insurers already have to provide an annual statement with the contractual information required under SII.</p> <p>We do not oppose the principle of an annual statement as such. However, we fear that EIOPA's proposal to include adjusted projections will give the customer a false impression as to the exact outcome of the contract and will lead to reputational damage for insurers. Insurers will have to use certain hypotheses (ex as to the exact term of the contract, the height of discretionary profit sharing, ...). Consumer might however not understand that these projections are based on hypotheses and are not exact forecasts of what will be paid out. Moreover, the introduction of adjusted projections would need a thorough discussion as to what calculation method to use, taking correctly into account the different national elements of IBIPs.</p> <p>Besides, there is already an obligation to update and publish the PRIIPs KID of IBIPs, which contains (pre-contractual) projections, in order to help the customer in estimating its potential investment return.</p> <p>The role of the insurance intermediary remains key, as he could discuss it with the customer and then provide adequate and personalized information.</p>	<p>Noted.</p> <p>EIOPA does not see a direct overlap between the disclosure of an "annual statement" and the requirement to revise and publish an updated version of the KID. An annual statement would be a different document to a revised KID in that the annual statement would include personalised (rather than generic) information and include also backward-looking information.</p>
Italian Banking Association	Q4	<p>We understand the rationale under the proposal of addressing the current gap at EU level regarding periodic disclosures aimed at providing retail investors with the relevant personalized information on what occurred in the reference period with regard to the subscribed IBIP.</p>	<p>Noted.</p>

		<p>However, the proposal can make sense only if two fundamental conditions are satisfied:</p> <ul style="list-style-type: none"> • the content of the annual statement should be defined by EU provisions which exclude any possibility for NCAs to require additional information. This point is very important for the Italian market as our national competent authority (IVASS) has already regulated the “single reporting document – DUR” (Article 25 of the IVASS Regulation N° 41/2018) to be provided by insurance companies to retail investors in order to give a detailed picture of the state of the insurance contract along the reference period. In perspective, it becomes essential to ensure the homogeneous application of the new reporting obligation and avoid any duplication or redundancy of information also with regard to the periodic information on IBIPs; • it must be clearly stated that this reporting is an exclusive obligation of the insurance undertaking. It means that it must be changed the current wording of the IDD “insurance intermediary or insurance undertaking” which currently makes it possible for NCAs to require both insurance undertakings and insurance intermediaries to provide retail investors with periodic information, with consequent duplication of information. <p>As far as it regards the proposed content of this reporting, we underline that “Adjusted individualised projections (in particular for long-term IBIPs)” are very burdensome to produce and disproportionate to the real need of retail investors, taking into account that they:</p> <ul style="list-style-type: none"> • receive performance scenarios through the KID; • have the right to ask for the up-dated version of the KID if interested in understanding the updated performance scenarios; • would receive past performance through the new proposed periodic statement. 	
<p>AGEA (French association of general insurance agents)</p>	<p>Q4</p>	<p>According to French law (Law n°2019-486 of May 22nd, 2019, on the growth and transformation businesses (PACTE) requires insurers (producers) for unit-linked and Euro contracts to produce annual information (French Insurance Code) related to the</p>	<p>Noted.</p>

		<p>situation of the contract.</p> <p>For unit-linked life insurance policies, the information shall include “the value of these units of account, their annual evolution from the subscription of the contract, the charges paid to the insurance company in respect of each unit of account, the charges borne by the asset in representation of the commitment in units of account during the last known financial year and, where applicable, the commission retrocessions received for the financial management of the assets representing the commitments expressed in units by the insurance company, by its delegated managers, including in the form of a collective investment undertaking or by the custodian of the contract assets, as well as the significant changes affecting each unit of account”.</p> <p>This piece of legislation has contributed to the improvement of information handed out to the policy holder. It may inspire European regulation. It does not seem appropriate to introduce in annual information, performance scenarios that may lead to false interpretations by the policy holder (see the issues of the PRIIPs regulation). This document should be designed as an assessment of past situations.</p>	
ANASF	Q4	Yes, we agree with the provision of such annual statement to encourage harmonization across different regulations and sectors, which is already provided in the MiFID Directive.	Agreed.
Austrian Insurance Association (VVO)	Q4	Well-established annual information already exists in many markets across the EU. Periodic communications have been developed at national level based on the most appropriate formats, partly with reference to national pre-contractual information requirements and, for some markets, local tax issues. National solutions also take into account the diverse features of the IBIPs offered in the different markets: for example, in some markets, certain traditional products are more popular than pure unit-linked products, or multi-option products (MOPs) can be more or less customised. Besides, many companies have already implemented their own platforms, portals or apps that allow clients to monitor their insurance and investment portfolios, sometimes with interactive features. It is therefore absolutely necessary to first assess the local issues and national situation.	Noted.

		<p>Therefore, the answer to the question is no, it would not make sense to require the disclosure of a new EU “annual statement” for IBIPs, similar to the Pension Benefit Statement for IORPs and PEPPs. Simply adding up documents, or encouraging the co-existence of a new EU statement besides national disclosures and digital solutions developed by insurers, must be ruled out. Hence, the VVO rejects the suggestion of a new, EU-wide harmonized annual statement.</p> <p>As to EIOPA’s reference to IORPs and PEPPs periodic disclosures, pension products have very different objectives and features compared to IBIPs, and pension benefit statements cannot be used as a benchmark for other products’ disclosures.</p> <p>The standardised PRIIPs KID approach has already showed its limitations for pre-contractual disclosures. It would be problematic to require adjusted individualised projections in periodic disclosures for IBIPs. It is not clear if the term “adjusted” would also include inflation, which is the result of a complex set of factors that cannot be forecasted by providers.</p> <p>At the same time, financial education has a key role to play for long-term savings, as well as the possibility for clients to ask questions and have easy access to comprehensive professional advice.</p> <p>If, despite all this, the EC intends to pursue any new initiative in terms of EU periodic disclosures, prior to any legislative action, EU Institutions need to perform consumer testing on a broad and diverse sample of consumers in different markets, technical testing on all the products in scope and a careful impact assessment. This would be critical to assess what is the essential information that consumers need and if they can be confused by too many communications. In the interest of legal certainty, transparency and comparability, disclosures should always be limited to the most vital information. If any ongoing communication is considered, it would be important to clarify in the Level 1 who is responsible to issue it. Also, any new requirement should</p>	
--	--	---	--

		only apply to contracts concluded after they entry into force of the review, to avoid a disproportionate burden on manufacturers.	
Bund der Versicherten (BdV - German Association of Insured)	Q4	<p>Yes, we fully agree with EIOPA's proposal of an annual statement following to the criteria made in no. 45 of the CP (p. 17): "it could make sense to disclose to the consumer an adjusted projection of the investment, based on the current value of the investment. If the return has been lower than it had been assumed in the projections, the projection could be corrected using as data the current real value of the "savings pot" and the past performance of the investment in the calculation." (p.18).</p> <p>Additionally to the reference to PBS of IORPs and PEPP we stress that following to article 155 of the German insurance contract law (§ 155 VVG - Versicherungsvertragsgesetz), all these criteria are fixed for the obligatory annual statement by life insurers including the statement of projected outcomes if the policyholder asks for an exemption of premiums from now on.</p>	Noted. The adjusted projections are further considered in the final advice, but it is proposed that the methodology would be addressed at Level 2.
Fédération Bancaire Française	Q4	<p>No, such an annual report is already required under French Law and provides most of this information, on the life insurance contract and its components, on a personal basis (global contract performance, average guaranteed return, profit sharing, gross and net performance for each unit-linked vehicle/fund, inducements etc.)</p> <p>This information is held by insurance companies and therefore it is up to them to pass it on the clients. Otherwise (if intermediaries instead of insurance undertakings also had to send this information to clients), this might be confusing for the clients and might mislead them about the respective responsibilities between the insurer and the intermediary/ distributor.</p> <p>However, the annual statement required by French Law does not contain adjusted individualized projections, but we believe that such projections do not make much sense in the case of multi-option contracts in view of the volatility of financial markets and might even mislead clients about their contracts' potential final performances.</p> <p>Creating a European annual statement format would therefore i) duplicate existing</p>	Noted.

		information for what already exist ii) require burdensome and costly IT developments for providing new or slightly different information. Changing the format and/or the content of documents clients are used to would in addition be confusing for them.	
Gesamtverband der Deutschen Versicherungswirtschaft e. V.	Q4	<p>We support the deletion of information requirements in Solvency II and the consolidation in the IDD also for annual disclosures. Different approaches have certainly been established in the member states – as EIOPA accurately describes. An example of a best practice for annual consumer information is the § 155 VVG from Germany (see the English version here: https://www.gesetze-im-internet.de/englisch_vvg/englisch_vvg.html#p0617). It has been reviewed and amended only four years ago in a joint effort by consumer protection organizations, the ministry of justice, and the insurance industry. We believe that this example could be an important inspiration for the European legal framework.</p> <p>We consider information on past performance for IBIPs for retirement provision inappropriate neither as a pre-contractual nor as ongoing information as it often leads to a fallacy among consumers. Mentally, these returns are often extrapolated into the future and could lead to herd behaviour when choosing a product as well as when possessing one. It should be carefully examined whether the methodology of performance scenarios is practicable for this purpose. As regards ongoing information, we believe that it is not only misleading but also duplicative: consumers will know how their product performed from the current value of the pot. Additionally, consumers are often presented with a one-year “account statement” of the last year’s performance and costs.</p> <p>Consumers receive the annual information over a very long period. When implementing the law, it is important to ensure that they fulfil their purpose and that they are easy to provide. Consumers should receive short, essential information so that it is noticed. Providers should have low costs as an important prerequisite for cost-effective products. Moreover, it is important to clarify at Level 1 that the new rules only apply to contracts concluded after they entered into force to avoid a disproportionate burden on manufacturers.</p>	Noted.

		As regards future performance scenarios, uniform methods are important if performance scenarios are used to identify a pension supply gap for consumers.	
ING Bank NV	Q4	Yes, we see this sits well within a general Duty of Care of our customers.	Noted.
Bundesverband Deutscher Vermögensberater	Q4	<p>EIOPA kritisiert, dass es „annuell statements“ bei Versicherungsanlageprodukten nur zu unterschiedlichen inhaltlichen Aspekten aufgrund unterschiedlicher Richtlinien gibt, die auch teilweise veraltet seien. Nicht zuletzt wegen einer Vergleichbarkeit von IBIPs und zur Erreichung eines europaweit standardisierten Dokuments, möchte EIOPA diesen jährlichen Bericht - unter Abschaffung der seitherigen Solvency II-Offenlegung - nunmehr einheitlich in der IDD regeln. Dem stimmen wir zu!</p> <p>Zurecht weist EIOPA auf Seite 16 ihres Berichts darauf hin, dass einzelne EU-Mitgliedstaaten aufgrund nationaler Vorschriften bereits über solche Jahresberichte verfügen. Genau dies ist in Deutschland der Fall, dort sind sie bereits obligatorisch. Auch mit den von EIOPA vorgeschlagenen Inhalten. Die Kunden unserer Verbandsmitglieder erhalten die hier von EIOPA vorgeschlagenen Angaben bereits jährlich. Es würde sich wahrscheinlich lohnen, den deutschen §155 VVG (jährliche Standmitteilungen) in die von EIOPA angesprochene Diskussion mit einzubeziehen, der diesen Sachverhalt bereits seit 2018 in Deutschland verbindlich regelt.</p>	Noted.
Allianz SE	Q4	<p>There are already requirements for annual statements at national level. These are often derived from the requirements in article 185 para. 5 SII Directive and tailored to the national specificities. More specific EU requirements than article 185 para. 5 SII Directive might prove difficult to integrate into national disclosures and national pension tracking services.</p> <p>Adjusted performance projections in annual statements would imply either a major change to PRIIP methodology or very different projections in the annual statement as the current PRIIP methodology is not made for individual calculations. Setting minimum standards, as in article 185 para. 5 SII Directive, appears to be the better approach as it can be adapted to the national requirements.</p> <p>If new annual statements are introduced, they should only be introduced for new business. The existing annual statements should be continued for in-force-business -</p>	Noted.

		otherwise consumers would receive very confusing signals if all figures suddenly changed due to a switch in methodology. Furthermore, changing the data requirements in legacy systems can be rather expensive.	
FECIF	Q4	<p>Especially in the areas of old-age provision and long-term investment through Insurance Based Investment's Products, the focus is on long-term products. These are products with a term of several decades. In our opinion, the customer should be able to request such annual status reports for this type of product. We believe that rigid, inflexible mandatory disclosures with a deadline, for such products, do not necessarily contribute to more consumer protection.</p> <p>We consider the current standard of annual information provided to be sufficient. Consumers who actively want further information can obtain it on request from their insurer or intermediary. A more far-reaching requirement would not be in the interests of consumer protection - especially as it must always be borne in mind that additional information obligations are also accompanied by additional cost burdens and thus do not promote the general goal of reducing administrative costs.</p>	Noted.
Sparbanken Skåne AB (publ)	Q4	Yes, as long as the producer (Insurance Companies) will handle this	Noted.
VOTUM Verband	Q4	<p>Especially in the area of old-age provision, the focus is on long-term products. These are products with a term of several decades. In our opinion, the customer should be able to request such annual status reports for this type of product. In our opinion, rigid, inflexible mandatory disclosures with a deadline for such products do not necessarily contribute to more consumer protection.</p> <p>We consider the current standard of annual information provided to be sufficient. Consumers who actively want further information can obtain it on request from their insurer or intermediary. A more far-reaching requirement would not be in the interests of consumer protection - especially as it must always be borne in mind that additional information obligations are also accompanied by additional cost burdens and thus do not promote the general goal of reducing administrative costs.</p>	Noted.

Q5. Do you agree with the proposed list of “most vital” product and intermediary information? If not, what elements do you identify as being “most vital”, that is essential information that is most critical for consumers to read?

<p>Polish Chamber of Insurance</p>	<p>Q5</p>	<ul style="list-style-type: none"> • PIU supports a layered approach, as long as there are clear rules about the information to be included in the different layers. • It might be not appropriate to include “information on what happens if the consumer dies (or other insured events occur)” in Layer 2 or 3, as this is strictly related to insurance benefits. • We would like to add our remarks on the following points: <p>Most vital pre-contractual product information for IBIPs (No. 71):</p> <ul style="list-style-type: none"> o As to product information, the PRIIPs KID should remain the key document for retail investors. While we fully support the comparability of different investment products, the PRIIPs framework was designed with pure investment products in mind and consistently overlooks the features of IBIPs, such as insurance covers, annuity payments, guarantees, or other capital protection, payment flexibility, etc. These elements are core for customers buying insurance-based investment products and they are not simply add-ons. o As to costs, the reduction in yield (RIY) is a robust and accurate indicator that can be used to comply with requirements in MiFID or the IDD, as noted by the European Supervisory Authorities (ESAs) in the 2019 Joint Consultation Paper concerning amendments to the PRIIPs KID. Despite that, the revised PRIIPs Regulatory Technical Standards (RTS) introduced different cost indicators for MiFID and IDD products. This will not enable customers to compare the cost components of different products. Therefore, the costs representation should be again aligned and RIY should be used for all investment products as a key indicator. <ul style="list-style-type: none"> • It is not appropriate to include adjusted individualised projections for IBIPs because they are different from pension products. 	<p>Noted.</p> <p>The information on what happens if the consumer dies is proposed for inclusion in the annual statement, while the information on insurance benefits is proposed for the pre-contractual information.</p> <p>The elements referred to should be included in the PRIIPs KID product description and some elements, such as capital protection, are also addressed in other sections (e.g. the summary risk indicator and performance scenarios).</p>
------------------------------------	-----------	--	---

BETTER FINANCE	Q5	Same answer as for Q4.	Noted.
Irish Life Assurance PLC	Q5	<p>Irish Life Group welcomes a move towards a more layered approach to customer disclosures, particularly in the context of digital journeys. If appropriately applied, this approach can help firms tailor information to customers depending on their individual needs and their stage in the overall purchase journey.</p> <p>We agree with introduction of the concept of “Most Vital” information and the distinction between what is vital for the customer to know and what is important information but not vital. Our view is that while guidance is required on where information should be considered ‘Vital’, a prescribed list is not feasible in all cases, particularly given that the complexity of IBIPs can vary greatly. We would also suggest adding a maximum length requirement to what is considered ‘most vital’ – otherwise what is considered ‘most vital’ could be very lengthy and might defeat the purpose.</p> <p>We agree that in order to define the list of ‘most vital’ information, a consumer testing exercise should be carried out.</p>	Partially agreed. Reference to the maximum length has been added.
Unipol Gruppo S.p.A.	Q5	<p>As to the proposed list of “most vital” product information, we would suggest adding the recommended holding period. As to the intermediary information, we think that the following shall not belong to Layer 1: (i) information on whether the intermediary has a holding in a given insurance undertaking or whether an insurance undertaking has a holding in the insurance intermediary; and (ii) the nature and the amount of the remuneration received in relation to the contract e.g. amount of the commission/fee received from the product manufacturer. Indeed, the “most vital” information list already includes those related to the costs and to whether or not the intermediary is “independent” from the insurance undertaking, which is appropriate and sufficient for layer 1. Otherwise, adding up too many information in the first layer risks undermining the effectiveness of the whole layering approach.</p> <p>On a more general note, we agree with EIOPA’s remarks on the need to deeply reconsider the whole framework on disclosure requirements, as experience has shown that most client do not want to be flooded by information and that the current information overload only leads to worse decisions for consumers. Also, we welcome</p>	<p>Partially agreed.</p> <p>The information on the recommended holding period has been added.</p> <p>The information on holdings between the intermediary and insurer is no longer included in the list of most vital information.</p>

		<p>EIOPA’s approach related to the wide use of layering and the possibility for firms to test the most effective ways to provide information leveraging the potential of digital tools, whereas not relying on a rigid and prescriptive template. In our view, this is the right approach to foster innovation and competition between insurance undertakings to design engaging and effective customer journeys starting from marketing and pre-contractual information.</p> <p>However, it should be noted that the proposed approach – leveraging on layering – can only be effective in the context of an overall simplification and lightening of the existing information requirements. As it has been effectively pointed out by Insurance Europe in its answer to the EC’s consultation on Retail Investor Protection, insurance undertakings are now required to disclose up to 190 information to their (potential) clients to comply with the relevant EU legislations (so, without even considering further information requirements set forth at national level). Such amount of information has been constantly growing during the years due to the accumulation of information requirements provided by new EU and national regulations, which have been adopted on a silos approach. Thus, it is of outmost importance for EU and national policy-makers to consider the cumulative effect of information requirements in a view of erasing all information requirements which proved to bring little value for the clients.</p>	
<p>France Assureurs (Fédération Française de l'Assurance)</p>	<p>Q5</p>	<p>Clear rules about the information to be included in the different layers are key. At the same time, insurers must be given flexibility to choose the most suitable approach to provide the information in an electronic format, also based on their corporate digital strategy, their resources and their customer base.</p> <p>France Assureurs broadly agrees with EIOPA’s proposals for the different layers. The most vital information for the consumer is a clear and prominent explanation about the existence or lack of biometric risk covers, financial guarantees and other capital protection mechanisms at the top of the PRIIPs KID and/or in its first layer. In this respect, it might be not appropriate to include “information on what happens if the consumer dies (or other insured events occur)” in Layer 2 or 3, as this is strictly related to insurance benefits.</p>	<p>Partially agreed. The list of information for the distributor has been updated taking into account the specific proposals, such as regarding the registration of the intermediary.</p>

	<p>A clear understanding of the protection elements offered by the product is the starting point for consumers to truly understand costs and benefits of different investment solutions and take a well-informed decision. This is the reason why it is so important to prominently display information about the existence or lack of such features at the top and/or in the first layer of the PRIIPs KID.</p> <p>As to the most vital pre-contractual product information for IBIPs under paragraph 71, the PRIIPs KID should remain the key document for retail investors. While we fully support the comparability of different investment products, the PRIIPs framework was designed with pure investment products in mind and consistently overlooks the features of IBIPs, such as insurance covers, annuity payments, guarantees, or other capital protection mechanisms, payment flexibility, etc. These elements are core for customers buying insurance-based investment products and they are not simply add-ons.</p> <p>As to costs, the revised PRIIPs Regulatory Technical Standards (RTS) introduced different cost indicators for MiFID and IDD products. This will not enable customers to compare the cost components of different products. Therefore, the costs representation should be again aligned.</p> <p>As to the most vital information to be communicated by the intermediaries under paragraph 76, whether intermediaries are registered is not in question for the sales of IBIP. Consumers could be provided with more meaningful and concrete information like the registration number.</p> <p>As to the concrete amount of remuneration received in relation to the contract, for consumers it is more important to know the source and nature of the intermediary's remuneration and how the total costs affect the returns of the product.</p> <p>Information on whether the intermediary has a holding in a given insurance undertaking or whether an insurance undertaking has a holding in the insurance</p>	
--	--	--

		intermediary is less vital information for most consumers and could be presented in the second layer. Information on whether the intermediary is acting on behalf of the insurance undertaking is more important.	
Länsförsäkringar	Q5	The number of disclosures is by far too high and a consumer has to receive at the pre-contractual phase stemming from requirements of Solvency II Directive, PRIIPs Regulation, Insurance Distribution Directive and the General Data Protection Regulation. In the future, consumers will also receive further disclosures for an IBIP with environmental objectives following the implementation of the Sustainable Finance Disclosure Regulation and the Taxonomy Regulation. When legislative demands emanate from different sources there is a risk for a complexity acceleration. However attempts to harmonise legislation in the area have also led to a higher complexity (e.g. PRIIPs). It would be most consistent if all/most demands upon an insurance undertaking would be kept together in insurance related legislation thereby also taking into account consumer interests. See also comment above.	Noted.
Insurance Ireland	Q5	Insurance Ireland broadly support a layered approach of information through identifying the most vital information. It allows for legal certainty for manufacturers however insurers should also be given the flexibility in choosing their preferred approach. It should be noted that individualised projections similar to those done for pension products are not appropriate for IBIPs. Additionally, we believe that the existing information requirements under the IDD, POG and PRIIPs as a whole already present a sound framework to protect the interests of consumers.	Noted.
BEUC, The European Consumer Organisation	Q5	BEUC generally agrees with EIOPA's recommendations on the 'most vital' product and intermediary information that should be disclosed to consumers in pre-contractual information for insurance-based investment products. In particular, we agree that inducement information would be important for intermediaries to disclose to consumers, and that this information should be clearly communicated (as early as possible) by any insurance intermediary to the customer prior to the conclusion of a contact.	Noted. Information on remuneration is included subject to the outcome of the Commission's legislative proposals.

ANIA	Q5	<p>We agree with EIOPA that the most vital pre-contractual product information for IBIPs is constituted by the following elements:</p> <ul style="list-style-type: none"> - Product name, identity, and contact information for the PRIIP manufacturer; - main features and objectives of the product; - financial and insurance benefits; - synthetic risk indicator and, where applicable, guarantee disclosure; - duration of the IBIP - total costs. <p>The KID should remain the key document for retail investors, improving the representation of different features than those of pure investment products, such as insurance covers, annuity payments, guarantees, or other capital protection, payment flexibility, etc. These elements are core for customers buying insurance-based investment products and they are not simply add-ons.</p> <p>As regards costs, the reduction in yield (RIY) is a robust and accurate indicator that can be used to comply with requirements in MiFID or the IDD, as noted by the European Supervisory Authorities (ESAs) in the 2019 Joint Consultation Paper concerning amendments to the PRIIPs KID. Despite that, the revised PRIIPs Regulatory Technical Standards (RTS) introduced different cost indicators for MiFID and IDD products. This will not enable customers to compare the cost components of different products. Therefore, the costs representation should be again aligned and RIY should be used for all investment products as a key indicator.</p>	Noted.
Bundesarbeitsgemeinschaft zur Förderung der Versicherungsmakler (BFV)	Q5	<p>Wir betrachten die von EIOPA unter Punkt 76 vorgeschlagenen ‚wichtigsten‘ Informationen, die der Vermittler dem Kunden vor dem Vertragsabschluss mitteilen sollte, differenziert und sehen hier in weiten Teilen eine Duplizierung von Informationspflichten, die in Deutschland bereits durch die Erstinformationspflichten erfüllt sind:</p> <p>Die Angabe, ob es sich um einen registrierten Versicherungsvermittler handelt, ist in</p>	Noted.

		<p>Deutschland entbehrlich, da er ansonsten keine IBIPs vermitteln darf und die Registrierung bereits durch die Erstinformationspflichten offengelegt wird.</p> <p>Wir teilen die Auffassung der EIOPA, dass eine Information darüber, ob der Vermittler den Kunden vertritt oder im Namen und Auftrag des Versicherungsunternehmens handelt, wichtig ist. Allerdings ergibt sich das in Deutschland bereits durch die Angabe der Tätigkeit bzw. wie der Vermittler registriert ist. Versicherungsmakler sind im Auftrag des Kunden tätig, Versicherungsvertreter im Auftrag des Versicherers.</p> <p>Eine Angabe, ob der Vermittler eine Beteiligung an einem bestimmten Versicherungsunternehmen hält oder ob ein Versicherungsunternehmen eine Beteiligung an dem Versicherungsvermittler hält, erfolgt bereits im Rahmen der Erstinformation, soweit eine 10 %-Grenze überschritten wird.</p> <p>Die Art der Vergütung und wer sie zahlt wird dem Kunden im Rahmen der Erstinformation offengelegt.</p> <p>Wir sprechen uns dagegen aus, dass die konkrete Höhe der Vergütung anzugeben ist. Aussagekräftige Informationen sind, in wessen Aufträge der Vermittler tätig ist, von wem er die Vergütung erhält und wie sich die Gesamtkosten, nicht nur die Vergütung, auf die Rendite auswirken.</p>	
Insurance Europe	Q5	<p>Clear rules about the information to be included in the different layers are key. At the same time, insurers must be given flexibility to choose the most suitable approach to providing the information in an electronic format, also based on their corporate digital strategy, their resources and their customer base.</p> <p>Insurance Europe broadly agrees with EIOPA’s proposals for the different layers. The most vital information for the consumer is a clear and prominent explanation about the existence or lack of biometric risk covers, financial guarantees and other capital protection mechanisms at the top of the PRIIPs KID and/or in its first layer. In this respect, it might be not appropriate to include “information on what happens if the consumer dies (or other insured events occur)” in Layer 2 or 3, as this is strictly</p>	Noted.

	<p>related to insurance benefits.</p> <p>A clear understanding of the protection elements offered by the product is the starting point for consumers to truly understand the costs and benefits of different investment solutions and take a well-informed decision. This is the reason why it is so important to prominently display information about the existence or lack of such features at the top and/or in the first layer of the PRIIPs KID.</p> <p>As to the most vital pre-contractual product information for IBIPs under paragraph 71, the PRIIPs KID should remain the key document for retail investors. While we fully support the comparability of different investment products, the PRIIPs framework was designed with pure investment products in mind and consistently overlooks the features of IBIPs, such as insurance covers, annuity payments, guarantees, or other capital protection mechanisms, payment flexibility, etc. These elements are core for customers buying insurance-based investment products and they are not simply add-ons.</p> <p>As to costs, the reduction in yield (RIY) is a robust and accurate indicator that can be used to comply with requirements in MiFID or the IDD, as noted by the European Supervisory Authorities (ESAs) in the 2019 Joint Consultation Paper concerning amendments to the PRIIPs KID. Despite that, the revised PRIIPs Regulatory Technical Standards (RTS) introduced different cost indicators for MiFID and IDD products. This will not enable customers to compare the cost components of different products. Therefore, the cost representation should be again aligned and RIY should be used for all investment products as a key indicator.</p> <p>As to the most vital information to be communicated by the intermediaries under paragraph 76, whether intermediaries are registered is not in question for the sales of IBIP. Consumers could be provided with more meaningful and concrete information like the registration number.</p> <p>As to the concrete amount of remuneration received in relation to the contract, for consumers it is more important to know the source and nature of the intermediary's</p>	
--	--	--

		remuneration and how the total costs affect the returns of the product. Information on whether the intermediary has a holding in a given insurance undertaking or whether an insurance undertaking has a holding in the insurance intermediary is less vital information for most consumers and could be presented in the second layer. Information on whether the intermediary is acting on behalf of the insurance undertaking is more important.	
VOTUM Verband	Q5	Die Liste erachten wir als sehr umfangreich. Darüber hinausgehende Angaben würden erneut dazu führen, dass dem Zweck der größeren Verständlichkeit von Informationen nicht gedient wird. Es ist zu bezweifeln, dass eine Aufschlüsselung von Detailkosten tatsächlich von den Verbrauchern verständlich nachvollzogen werden kann. Für den Verbraucher sind die totalen Kosten entscheidend.	Noted. While a suggested list of most vital items is provided, it is recommended that the list is subject to consumer testing.
Austrian Federal Economic Chamber, Division Bank and Insurance	Q5	<p>Clear rules about the information to be included in the different layers are key. At the same time, insurers must be given flexibility to choose the most suitable approach to provide the information in an electronic format, also based on their corporate digital strategy, their resources and their customer base.</p> <p>The VVO broadly agrees with EIOPA’s proposals for the different layers. The most vital information for the consumer is a clear and prominent explanation about the existence or lack of biometric risk covers, financial guarantees and other capital protection mechanisms at the top of the PRIIPs KID and/or in its first layer. In this respect, it might be not appropriate to include “information on what happens if the consumer dies (or other insured events occur)” in Layer 2 or 3, as this is strictly related to insurance benefits.</p> <p>A clear understanding of the protection elements offered by the product is the starting point for consumers to truly understand costs and benefits of different investment solutions and take a well-informed decision. This is the reason why it is so important to prominently display information about the existence or lack of such features at the top and/or in the first layer of the PRIIPs KID.</p> <p>As to the most vital pre-contractual product information for IBIPs under paragraph 71, the PRIIPs KID should remain the key document for retail investors. While we fully</p>	

		<p>support the comparability of different investment products, the PRIIPs framework was designed with pure investment products in mind and consistently overlooks the features of IBIPs, such as insurance covers, annuity payments, guarantees, or other capital protection mechanisms, payment flexibility, etc. These elements are core for customers buying insurance-based investment products and they are not simply add-ons.</p> <p>As to costs, the reduction in yield (RIY) is a robust and accurate indicator that can be used to comply with requirements in MiFID or the IDD, as noted by the European Supervisory Authorities (ESAs) in the 2019 Joint Consultation Paper concerning amendments to the PRIIPs KID. Despite that, the revised PRIIPs Regulatory Technical Standards (RTS) introduced different cost indicators for MiFID and IDD products. This will not enable customers to compare the cost components of different products. Therefore, the costs representation should be again aligned and RIY should be used for all investment products as a key indicator.</p> <p>As to the most vital information to be communicated by the intermediaries under paragraph 76, whether intermediaries are registered is not in question for the sales of IBIP. Consumers could be provided with more meaningful and concrete information like the registration number.</p> <p>As to the concrete amount of remuneration received in relation to the contract, for consumers it is more important to know the source and nature of the intermediary's remuneration and how the total costs affect the returns of the product. Information on whether the intermediary has a holding in a given insurance undertaking or whether an insurance undertaking has a holding in the insurance intermediary is less vital information for most consumers and could be presented in the second layer. Information on whether the intermediary is acting on behalf of the insurance undertaking is more important.</p>	
EIOPA IRSG	Q5	Regarding the elements representing the “most vital” information that should be communicated by the intermediary to the customer prior to the conclusion of the contract (IBIPs), except for the very last piece of information in the above list, it is	Noted. The aim, based on the mandate, was to consider the most vital information that might be

		<p>important to mention in this context that the IDD (in its Article 18 and 19 –) already requires that the above and crucial elements of information are provided to the customer before the conclusion of the contract.</p> <p>Regarding product information for IBIPS, key would be the existence or lack of biometric risk covers, financial guarantees and other capital protection mechanisms at the top of the PRIIPs Key Information Document (KID) and/or in its first layer.</p> <p>This is a starting point for consumers to assess if a product meets their needs, understand what they are paying for and take a well-informed decision.</p> <p>While the IRSG generally supports further exploring EIOPA’s approach, subject to thorough consumer testing, the IRSG does not believe that the amount of the remuneration received in relation to the contract can be considered as the most vital information that should be communicated to a retail investor buying an IBIPS, in particular if no level playing field is really ensured on this aspect with direct writer/ staff of insurers selling direct. It would in that case lead to an unacceptable distortion of competition.</p> <p>For consumers it is usually more relevant what the costs calculated for the contract are. And these costs calculated in the contract is already part of the PRIIP disclosure.</p> <p>Relevant and useful transparency of all costs is key in this respect.</p>	<p>relevant to present in a different way (e.g. in Layer 1) rather than propose additional information requirements.</p> <p>The advice has been adjusted with the aim to reflect direct employees of insurers.</p> <p>Agreed regarding the importance of cost transparency. Distribution costs might not be included, or separately specified, in the PRIIPs KID.</p>
BIPAR	Q5	<p>Regarding the elements representing the “most vital” information that should be communicated by the intermediary to the customer prior to the conclusion of the contract (IBIPs):</p> <p>First of all, BIPAR wants to underline that, except for the very last piece of information in the above list, the IDD (in its Article 18 and 19 – and the IMD even before in its article 12 – except for the nature of remuneration) already requires that the above and crucial elements of information are provided to the customer before the conclusion of the contract.</p>	Noted.

	<p>BIPAR does not believe that the amount of the remuneration received in relation to the contract can be considered as the most vital information that should be communicated to a retail investor buying an IBIPS, in particular if no level playing field is really ensured on this aspect with direct writer/ staff of insurers selling direct. It would in that case lead to an unacceptable distortion of competition and it could mislead consumers. Furthermore, an IBIP's also includes a protection aspect and can therefore not be fully compared with other investment products or objectives.</p> <p>We believe that relevant and useful transparency of all costs which have an impact on the possible return (part of the premium that is not invested – as one amount) is important in this respect.</p> <p>BIPAR supports relevant transparency of meaningful information with regard to costs. For investment products it is important for the client to understand the impact that costs have on the return of the investment. In this respect, BIPAR always insists on the need for a level playing field and comparability of products and solutions that are comparable. Too much detail about the costs can be counterproductive or misleading.</p> <p>It is interesting to mention here a very recent initiative in France on transparency of costs: On 2nd February, an agreement was reached between the representatives of producers/insurers and distributors (amongst which some BIPAR members like agéa, CNCGP and Planète CSCA) of retirement savings plans and life insurance products, that aims at reinforcing the transparency of the costs of these products.</p> <p>In the agreement, it is explained that “the signatories demonstrate their commitment to increasing the transparency of retirement savings plans costs, as well as those of life insurance policies, with the aim of improving the comparability of products for savers and encouraging the emergence of ever more innovative offers to mobilise savings for business financing”.</p> <p>It is also interesting to note that on the occasion of the signing of the agreement, the</p>	
--	---	--

		<p>French ministry of Finance said:” I think that the measure adopted is much more effective than imposing a cap or whatever that would not have the expected effects” (see annex 2). Such initiatives are totally in line with the main objectives of the Commission’s Retail Investment Strategy, namely, to ensure that transparent, comparable and understandable product information is provided to the retail investor.</p>	
Assuralia	Q5	<p>As such, Assuralia would agree with the layering of information to avoid information overload. However, what is vital information and what is not should be very well thought through as we need to avoid that the customers only focus on a limited set of information that does not give a clear and comprehensive overview of the characteristics of IBIPs, nor that he will be able to correctly compare the IBIP to another IBIP. Moreover, if too many layers are provided, there is a risk that it becomes unclear to the customer as to what he absolutely needs to read and what is nice to read.</p> <p>Plus, on the confusion audits, we would like to stress that the first elements that need to be taken into account before doing it, is the one on which distributors do not have control: confusion linked to all relevant legislation and the level of financial literacy of the consumers, which could also be a source of confusion. There is need to work on these two elements before applying “confusion audits”, as confusion seems to be primarily caused by the complexity and overloaded of legislation. Assuralia is in favour of developing financial literacy as a tool to improve consumer’s understanding of the financial sector and products. Legislators from their side could focus on rationalizing and simplifying the regulation so as to ensure a good outcome for customers. Insurers already have a general obligation to inform correctly, and supervisors can intervene based on this general obligation.</p> <p>Please note as well that such “confusion audits” come with an added cost that might eventually make IBIPs more costly to propose to customers in comparison with other financial products.</p>	<p>Noted.</p> <p>While, improvements should be made on the regulatory side, confusion can arise from the implementation by market participants (e.g. use of unclear terms). As stated in the advice, the costs and benefits of such an approach would need to be carefully considered.</p>

		<p>Moreover, about the guiding principles in presenting, formatting and providing digital disclosures for IBIPs, Assuralia is of the view that these guidelines should stay “high level” to allow distributors sufficient flexibility and innovation (in the formatting, the colours, etc.). EIOPA seems to start from the point that disclosures are written disclosures, texts, but in the future disclosures could also take the form of a virtual agent, chat bot, oral disclosures, it is important that these guidelines include also those types of digital disclosures.</p>	
Italian Banking Association	Q5	<p>The proposal to set both pre-contractual and periodic information for layers is to be undoubtedly evaluated positively as it allows to design digital disclosure in a more effective way.</p> <p>As far as it regards the list of “most vital information” that should be communicated by the intermediary, we believe that the following information should not be considered among the most vital:</p> <ul style="list-style-type: none"> • Information on whether the intermediary has a holding in a given insurance undertaking or whether an insurance undertaking has a holding in the insurance intermediary; • the nature and (subject to the outcome of the Commission’s legislative proposals) the amount of the remuneration received in relation to the contract e.g. amount of the commission/fee received from the product manufacturer. <p>While it goes without saying, we feel it is important to point out that the layered disclosure cannot be used to allow the request at national level for further information at the different layers.</p> <p>Last but not least, we would like to underline the importance of adopting also for all the disclosure related to IBIPs the same approach already regulated by the Directive 338/2021 (so called MiFID II Quick Fix) regarding:</p> <ul style="list-style-type: none"> • the “digital by default” approach for all disclosures regulated by MiFID II; 	<p>Noted.</p> <p>The timeline for implementing changes to the requirements for paper / digital delivery of the KID is subject the Commission legislative proposals.</p>

	<ul style="list-style-type: none"> • the possibility for retail investors to ask for information (both pre-contractually or periodically), on paper or in a printable format if they wish. <p>It is fair to envisage that, from 28 February 2022 onwards (i.e. the date when EU Member States are mandated to start applying the measures to comply with the above-mentioned Directive 338/2021) a misalignment will arise between MiFID II regulatory framework and IDD regulatory framework with regard to the provision of information to the clients in electronic format. This misalignment is particularly relevant in the case of Italy where the regulatory framework issued in 2020 to implement the IDD envisages the obligation to provide investment advice for the distribution of complex IBIPs and includes investment advice of IBIPs within the scope of MiFID II investment advice in those instances where investment firms operate as insurance intermediaries. From the operational standpoint, the above-mentioned misalignment turns out to be particularly impactful for insurance intermediaries who distribute IBIPs adopting the same safeguards and processes adopted under MiFID II, even with specific reference to the digitalization of the information respectively required under MiFID II, on the one side, and IDD, on the other side. Therefore, an extension of the phase-out approach already adopted in the context of MiFID II also to IBIPs-related information would be a positive step, also to the benefit of clients.</p> <p>We therefore ask to report this point, not only in the preliminary analysis, but also in the proposed Technical Advice.</p> <p>We would deem it important to receive confirmation that, in the case of “native-digital services” which are entirely paperless, insurance intermediaries are entitled to provide information exclusively in electronic format. In our opinion, the above-mentioned approach looks quite straightforward insofar as, in these cases, clients have already expressed their preference for a “digitalized” relationship with firms which offer such paperless services and their consent for receiving information exclusively through electronic formats.</p> <p>As a final remark, we would take the opportunity of this Consultation to underline the</p>	
--	--	--

		importance that, as far as “phase-out” is concerned, competent Authorities, both at the EU and at national level, adopt well-coordinated regulatory and supervisory approaches and practices.	
AGEA (French association of general insurance agents)	Q5	<p>The proposal to streamline information, to keep and highlight only the essential points, is relevant in view of the clients’ difficulties in understanding products. Even more so considering that clients have generally not benefited from sufficient financial education.</p> <p>General agents’ experience with customers shows that, for IBIPs, the key information is:</p> <ul style="list-style-type: none"> • The overall profitability of the product (amount saved with deduction of fees) • The level of risk on the savings themselves • The availability of funds <p>The need for client trust in the distributor must also be underlined.</p> <p>In France, an agreement (in annex) was signed on February 2nd between the Minister of the Economy and insurance companies and distributors, on transparency of fees for retirement savings contract (PER – “Plan Épargne Retraite”) and life insurance products. This text allows policyholders to visualize the main charges on the contract and those relating to asset management. Tables containing all the information are published online.</p> <p>In addition of this agreement, the French regulation will reinforce the pre-contractual and annual information of policyholders by aggregating the contract management fees and the asset management fees.</p> <p>Consequently, the use of online information with visual elements can only be encouraged, as long as it is not intended to replace the distributor, who is the one who guarantees the product’s suitability to the customer’s own situation.</p>	Noted.

	<p>Although IPIDs (Insurance Product Information Document) have proven beneficial for non-life products, and although they were created with the intent of simplifying consumer information, this single document has not completely resolved the challenges in client understanding of the functioning of insurance products.</p> <p>As a consequence, professional guidance remains necessary in the context of IBIPs. It has been observed that even online-only actors (pure players) rely on qualified personnel to respond to all the information requests of their clients.</p> <p>AGEA supports the Disclosure of the relationship between the insurer-distributor are beneficial and supported.</p> <p>The policyholder is not particularly interested in the disclosure of the amount of remuneration paid to the distributor. The policyholder wishes to know first of all the amount that he or she is actually saving. This is what arises of day-to-day interactions between clients and general insurance agents. In France, forthcoming regulations will make it possible to combine the costs of the contract and those of the assets in the context of pre-contractual and annual information (Cf. Statement by the French Minister of the Economy on February 2nd at the time of the publication of the Agreement between the Ministry and insurance companies and distributors – in annex)</p> <p>Besides, without ignoring the contribution of behavioural sciences and digitalization in the delivery of customer of information, it is surprising that guidance and customer's needs proximity are not taken into account. For general agents, who are present in-person with the client, the support and explanations provided orally and beyond the legal obligations of advice and information – contribute fully to informing the client, on the basis of written information. We regret to see that this customer specific relationship and tailor-made advice seems to be overlooked in the present paper.</p> <p>Finally, we underline that traditional distribution networks such as general agents have also been able to take advantage of digitalization in their customer relations.</p>	
--	---	--

		They use technologies in order to meet their clients' expectations in terms of reactivity. They have developed a hybrid in-person / digital model.	
ANASF	Q5	We consider that "vital information", provided in level 1, and "should know" information, provided in level 2, are both essential for making informed and reasoned investment decisions. Only the most detailed information, "nice to know" information, should be provided under request.	Noted.
Austrian Insurance Association (VVO)	Q5	<p>Clear rules about the information to be included in the different layers are key. At the same time, insurers must be given flexibility to choose the most suitable approach to provide the information in an electronic format, also based on their corporate digital strategy, their resources and their customer base.</p> <p>The VVO broadly agrees with EIOPA's proposals for the different layers. The most vital information for the consumer is a clear and prominent explanation about the existence or lack of biometric risk covers, financial guarantees and other capital protection mechanisms at the top of the PRIIPs KID and/or in its first layer. In this respect, it might be not appropriate to include "information on what happens if the consumer dies (or other insured events occur)" in Layer 2 or 3, as this is strictly related to insurance benefits.</p> <p>A clear understanding of the protection elements offered by the product is the starting point for consumers to truly understand costs and benefits of different investment solutions and take a well-informed decision. This is the reason why it is so important to prominently display information about the existence or lack of such features at the top and/or in the first layer of the PRIIPs KID.</p> <p>As to the most vital pre-contractual product information for IBIPs under paragraph 71, the PRIIPs KID should remain the key document for retail investors. While we fully support the comparability of different investment products, the PRIIPs framework was designed with pure investment products in mind and consistently overlooks the features of IBIPs, such as insurance covers, annuity payments, guarantees, or other capital protection mechanisms, payment flexibility, etc. These elements are core for customers buying insurance-based investment products and they are not simply add-</p>	Noted.

		<p>ons.</p> <p>As to costs, the reduction in yield (RIY) is a robust and accurate indicator that can be used to comply with requirements in MiFID or the IDD, as noted by the European Supervisory Authorities (ESAs) in the 2019 Joint Consultation Paper concerning amendments to the PRIIPs KID. Despite that, the revised PRIIPs Regulatory Technical Standards (RTS) introduced different cost indicators for MiFID and IDD products. This will not enable customers to compare the cost components of different products. Therefore, the costs representation should be again aligned and RIY should be used for all investment products as a key indicator.</p> <p>As to the most vital information to be communicated by the intermediaries under paragraph 76, whether intermediaries are registered is not in question for the sales of IBIP. Consumers could be provided with more meaningful and concrete information like the registration number.</p> <p>As to the concrete amount of remuneration received in relation to the contract, for consumers it is more important to know the source and nature of the intermediary's remuneration and how the total costs affect the returns of the product. Information on whether the intermediary has a holding in a given insurance undertaking or whether an insurance undertaking has a holding in the insurance intermediary is less vital information for most consumers and could be presented in the second layer. Information on whether the intermediary is acting on behalf of the insurance undertaking is more important.</p>	
Bund der Versicherten (BdV - German Association of Insured)	Q5	Yes, we agree with the proposed list of "most vital" information following to no. 71 on p. 24 of CP. It is useful to implement a layered approach of key information outlined in no. 68 of p. 23 of CP.	Noted.
Fédération Bancaire Française	Q5	We consider that the main information about a product (product objectives, main features, capital protection if any, costs information, risk) correspond to the sections of the PRIIPs KID.	Noted.

		<p>The notion of vital information is subjective. This information may be different from one insurance product to another and from one customer to another.</p>	
<p>Gesamtverband der Deutschen Versicherungswirtschaft e. V.</p>	<p>Q5</p>	<p>We broadly agree with EIOPAs thoughts on making information simpler through the identification of the most vital information, namely the proposals in No 71 and 76 of this consultation paper. It adds legal certainty for manufacturers to know which information they should include in layer 1 and which information can be moved to subsequent layers.</p> <p>Against this background, we would like to add our remarks on the following points:</p> <p>Most vital information to be communicated by the intermediaries (No.76):</p> <p>Whether intermediaries are registered is not in question regarding the sale of IBIP. Therefore, this information could be more concrete, for example, the registration number.</p> <p>We disagree, that the concrete amount of remuneration received in relation to the contract should be disclosed before a product is recommended or before the consumer decides to buy. We believe that it is important for consumers to know the nature of the intermediary's remuneration. This will enable them to assess the interests of the intermediary.</p> <p>Most vital pre-contractual product information for IBIPs (No. 71):</p> <p>We consider future performance scenarios as one of the most vital pre-contractual information for all products. All retail investors need information about the uncertainty of future returns and the range of possible returns. Furthermore, reduction in yield (RIY) should be disclosed in the same layer as the underlying RIY costs. Therefore, future performance scenarios should be moved to the first layer. In the same way, past performance could be very misleading for all consumers at a pre-contractual stage. For the same reason, past performance should not be included in the ongoing information. For some products, e.g. those with a guarantee, past</p>	<p>Partially agreed. Performance scenarios have been included in the list of most vital information.</p>

	<p>performance does not even exist on a product level. Thus, it can never be a vital information.</p> <p>In general, we believe that information on past performance is highly misleading for all retail investors. It is widely acknowledged that past performance is irrelevant for the future outcome. It is only one single path. Furthermore, it encourages pro-cyclical behaviour of customers and ignores survivorship and extrapolation bias meaning that customers are not aware of the funds that closed. Moreover, key features of IBIPs such as guarantees, and biometric protection cannot be evaluated posteriori. The main purpose of performance scenarios is to show to the customers that the future return is uncertain. This can be done uniformly across different investment products using stochastic forward-looking simulation models that show different possible outcomes. The risk indicator should reflect the expected loss at maturity (e.g., CTE).</p> <p>As to product information, the PRIIPs KID should remain the key document for retail investors. While we fully support the comparability of different investment products, the PRIIPs framework was designed with pure investment products in mind and consistently overlooks the features of IBIPs, such as insurance covers, annuity payments, guarantees, or other capital protection, payment flexibility, etc. These elements are core for customers buying insurance-based investment products and they are not simply add-ons.</p> <p>As to costs, the reduction in yield (RIY) is a robust and accurate indicator that can be used to comply with requirements in MiFID or the IDD, as noted by the European Supervisory Authorities (ESAs) in the 2019 Joint Consultation Paper concerning amendments to the PRIIPs KID. Despite that, the revised PRIIPs Regulatory Technical Standards (RTS) introduced different cost indicators for MiFID and IDD products. This will not enable customers to compare the cost components of different products. Therefore, the costs representation should be again aligned and RIY should be used for all investment products as a key indicator. Additionally, to achieve comparability, the costs in monetary terms should be annualized.</p>	
--	---	--

<p>ING Bank NV</p>	<p>Q5</p>	<p>We agree with the list of key information but would add to the pros and cons of the product.</p> <p>For example pros could include what can be achieved with a particular instrument (i.e. returns, investment objective, ESG aspects) and cons would be risks and cost. In addition, it is not just the information that is important, but also the form in which it is provided. This information should be presented in a visual format with clear and simple language instead of documents that are very 'heavy' with their amount of legal and technical text.</p>	<p>Noted. It is agreed that form as well as content is crucial.</p>
<p>Bundesverband Deutscher Vermögensberater</p>	<p>Q5</p>	<p>Wir begrüßen den Ansatz von EIOPA, die wichtigsten Produkt- und Vermittlerinformationen zu ermitteln und dem Kunden vorvertraglich zur Verfügung zu stellen. Die dahinterstehende Idee von EIOPA, die Liste der „wichtigsten Information“ einfach, komprimiert und verständlich zu gestalten, ist ebenfalls zielführend und die stufenweise („layering“) Zurverfügungstellung - priorisiert nach Wichtigkeit für den Kunden - können wir auch befürworten. Die von EIOPA hierzu angeregte Kundenbefragung mag förderlich sein.</p> <p>Womit wir jedoch nicht übereinstimmen, ist, dass der Kunde vor seiner Kaufentscheidung den konkreten Betrag - beispielsweise die Höhe der Vermittlerprovision - benötigt (s. RN 76). Vielmehr sollte der Kunde die Art der Vergütung wissen und die Höhe der Gesamtkosten für das vorgeschlagene Produkt. Der Vermittler ist heute in Deutschland bereits nach §15 der Versicherungsvermittlerverordnung schon beim ersten Geschäftskontakt verpflichtet, die Art der Vergütung mitzuteilen und ob die Vergütung direkt vom Kunden zu zahlen ist oder die Vergütung in der Versicherungsprämie enthalten ist.</p> <p>Wichtig für Kunden ist, dass die vermittelten Versicherungs- oder Altersvorsorgekonzeptionen zu ihren (auch finanziellen) Wünschen und Zielen passen. Dabei müssen die Vermittler darauf achten, dass sie die jeweils individuelle Kundenhaltung zu den Fragen des Risikoschutzes, der prognostizierten Wertentwicklung, der Sicherheit, Rentabilität, Liquidität und Nachhaltigkeit</p>	<p>Noted. The current proposal is a high-level list. The precise information to be provided (eg. reference to any ISIN) could be further elaborated in a next step (subject to consumer testing).</p>

		<p>angemessen berücksichtigen. Diese Aspekte bzw. der Gesamtnutzen stehen im Vordergrund. Dabei könnte eine konkrete Benennung der Vermittlerprovision kontraproduktiv wirken. Ein Risiko bestünde darin, dass bei der Kaufentscheidung plötzlich die Provision des Vermittlers und nicht mehr die Produktqualität im Mittelpunkt stünde, was zu Fehlentscheidungen führen kann. Schließlich ist billig nicht unbedingt gut oder passend. Das zeigt sich etwa auch bei Lebensmitteln oder anderen Waren. So ist es dem Einzelhandel absolut unüblich, dass Händler ihre Handelsspanne offenlegen, was vom Kunden auch nicht erwartet wird.</p> <p>Neben den von EIOPA aufgezählten Informationen aus Q4 sollte bei IBIPs offengelegt werden, in welcher Art von Produkt Kapital gebildet wird (ISIN), mit einer knappen Erläuterung zur Art des Produktes (z.B. reiner Aktienfonds, Mischfonds, ETF, gemanagter Fonds etc.). In der Kundeninformation sollte ein Hinweis darauf enthalten sein, dass alle Projektionen zur Wertentwicklung unverbindlich sind, da eine Prognose zur Entwicklung der Kapitalmärkte seriös nicht möglich ist. Zu empfehlen ist ein Hinweis darauf, dass die Wertentwicklung durch Inflation negativ beeinflusst wird und eine Vorhersage der jährlichen Inflationsrate nicht möglich ist.</p>	
Allianz SE	Q5	<p>Allianz supports further exploring EIOPA’s approach on “most vital information” subject to thorough consumer testing, as suggested in §69 of the consultation paper.</p> <p>Allianz has remained open to a layered digital approach, as consumers can decide themselves how deep they want to go into the information: the starting point should be very easy and concise with icons and pictograms helping for an easy first layer message. More detailed information, graphs and tables should only be on the second or third layer.</p> <p>Allianz support of further exploring EIOPA’s approach on “most vital information”, subject to consumer testing, is subject to the condition that the exclusion of specific information from the list of most vital information does not imply that such information should not be disclosed at all to the consumer, as indicated by EIOPA in §68 of the consultation paper.</p>	Noted.

		The disclosure of the amount of the remuneration received is not always the best solution. For consumers it is usually more relevant how much they pay for advice, i.e. the costs calculated for the contract. For example, a tied agent often receives less remuneration than a broker does for the same contract but the customer pays the same amount. The costs calculated in the contract are already part of the PRIIP disclosure.	
FECIF	Q5	We consider the list to be very extensive. Additional details would again lead to greater comprehensibility of information not being served. It is doubtful that a breakdown of detailed costs can actually be understood by consumers. For the consumer, the total costs are decisive.	Noted. The proposal is that only total costs are vital information / included in Layer 1.
Sparbanken Skåne AB (publ)	Q5	We agree	Noted.
VOTUM Verband	Q5	We consider the list to be very extensive. Additional details would again lead to the purpose of greater comprehensibility of information not being served. It is doubtful that a breakdown of detailed costs can actually be understood by consumers. For the consumer, the total costs are decisive	Noted.
Question 6: Do you currently see specific issues with misleading advertisements and marketing material in relation to the sale of insurance-based investment products (IBIPs), which would merit specific regulatory treatment and if so, which aspects?			
Polish Chamber of Insurance	Q6	<ul style="list-style-type: none"> PIU is not aware of any systemic problem regarding the relationship between the KID and marketing material. 	Noted
BETTER FINANCE	Q6	In light of this question, BETTER FINANCE reiterates the concerns of its German member association defending the rights of insurance policyholders. They note a major concern with regard to interest rates published for IBIPs in advertisements and marketing materials, mainly because in most cases it is not highlighted that the interest rates apply to the net part of the insurance premium used for investment, not on the gross premium. They also note that entry and ongoing costs, as well as biometric risk costs strongly reduce the investment part of the gross premium (from 10% up to 40%). This obligation would significantly improve consumers' understanding of value for money delivered by IBIPs.	Noted. This concern was taken into account regarding the proposals made on this issue as indicated in the Feedback Statement.
Unipol Gruppo S.p.A.	Q6	As also pointed out by EIOPA, on-line sale of IBIPs is still not much relevant in terms of volume. Also, to our knowledge there has not been any major trend of	Noted. However, some changes to the marketing rules are considered

		<p>aggressive/unfair online marketing of IBIPs, whereas such practices took place, for the most part, in relation to the provision of online trading services.</p> <p>That being said, we expect in the future a relevant growth of online sales of IBIPs, especially in the context of a hybrid distribution model where the sale either starts or ends with the intermediation of an agent. Such trend would undoubtedly justify more efforts by the companies in assessing the risks related to online marketing and distribution, eventually leading to the development of ad hoc internal policies and procedures.</p> <p>That being said, we do not support the introduction of mandatory requirements in this field, considering that Article 17 IDD already requires that all information relevant to insurance distribution, including marketing communication, addressed by the insurance distributor to customers or potential customers, shall be fair, clear and not misleading. In our view, such legal provision has the merits of being broad enough and technology-neutral and can serve as a proper base to address the risks envisaged by EIOPA, especially if it will be complemented by further efforts from NCAs on effective surveillance and enforcement on the operators putting up misleading marketing and unfair market practices.</p>	<p>relevant as explained in the Feedback Statement.</p>
<p>France Assureurs (Fédération Française de l'Assurance)</p>	<p>Q6</p>	<p>France Assureurs's members are not aware of any systemic problem regarding the marketing material in relation to the sales of IBIPs.</p> <p>Marketing communications are already regulated under the PRIIPs Regulation and the IDD to ensure that all information is fair and not misleading and that marketing materials are clearly identifiable as such. As to sustainable IBIPs, the Sustainable Finance Disclosure Regulation requires marketing communications to not contradict</p>	<p>Noted.</p>

		<p>the disclosures that are prescribed by law. More in general, the Unfair Commercial Practices Directive also provides for a horizontal framework against unfair business-to-consumer commercial practices.</p> <p>These comprehensive rules provide a more than adequate level of consumer protection, as well as a sufficient basis for lawsuits by consumer protection organizations or for supervisory action, should there be any contraventions. Further legislation is not required.</p> <p>The EC should consider that disclosures are just one of the safeguards provided by the IDD: product design, testing and monitoring as per POG rules, professional advice, distributors' continuous training and suitability/appropriateness/demands and needs tests ensure a high level of consumer protection through the whole product life cycle. They provide supervisory authorities with a solid basis to monitor the market and swiftly and efficiently address any grievances even in a fast-evolving market environment.</p>	
Insurance Ireland	Q6	<p>No. We, like Insurance Europe, are also unaware of any systemic problems regarding the relationship between the KID and marketing material. In addition to the regulations that exist for marketing communications under the PRIIPs Regulation and the IDD, protections also exist in the Irish market under the Consumer Protection Code 2012. Under provision 2.3, a regulated entity must not recklessly, negligently or deliberately mislead a customer as to the real or perceived advantages or disadvantages of any product or service. In fact, the number of complaints relating to investment products in Ireland only represented 6% of total complaints to the Financial Services and Pensions Ombudsman in 2020.</p> <p>The adequate identification of the target market can be ensured and supervised based on existing IDD/POG rules, including the ad hoc Delegated Regulation, without the need of additional specifications that would make the process lengthier and more bureaucratic. Again, the focus should be on consistent application and supervision of</p>	Noted.

		the existing rules. Comprehensive legislation already exists in this area and further regulation is not required.	
ANIA	Q6	<p>We are not aware of any systemic problem regarding the relationship between the KID and marketing material.</p> <p>Marketing communications are already regulated by the PRIIP regulation and IDD to ensure that all information is correct and not misleading and that marketing materials are clearly identifiable as such.</p> <p>Moreover, existing provisions on the POG process and suitability assessment ensure that eligible products are sold to the right target market. Therefore, we believe that the existing legal framework is appropriate to address these issues.</p>	Noted.
Bundesarbeitsgemeinschaft zur Förderung der Versicherungsmakler (BFV)	Q6	Probleme mit irreführender Werbung und Marketingmaterial im Zusammenhang mit dem Verkauf von IBIPs, die auf einen Missstand hinweisen, sind in Deutschland nicht bekannt. Wir halten die bereits bestehenden Rechtsvorschriften für umfangreich und ausreichend.	Noted.
Insurance Europe	Q6	<p>No, Insurance Europe's members are not aware of any systemic problem regarding the marketing material in relation to the sales of IBIPs.</p> <p>Marketing communications are already regulated under the PRIIPs Regulation and the IDD to ensure that all information is fair and not misleading and that marketing materials are clearly identifiable as such. As to sustainable IBIPs, the Sustainable Finance Disclosure Regulation (SFDR) requires marketing communications to not contradict the disclosures that are prescribed by law. More in general, the Unfair Commercial Practices Directive also provides for a horizontal framework against unfair business-to-consumer commercial practices.</p>	Noted.

		<p>These comprehensive rules provide a more than adequate level of consumer protection, as well as a sufficient basis for lawsuits by consumer protection organizations or for supervisory action, should there be any contraventions. Further legislation is not required.</p> <p>The EC should consider that disclosures are just one of the safeguards provided by the IDD: product design, testing and monitoring as per POG rules, professional advice, distributors' continuous training and suitability/appropriateness/demands and needs tests ensure a high level of consumer protection through the whole product life cycle. They provide supervisory authorities with a solid basis to monitor the market and swiftly and efficiently address any grievances even in a fast-evolving market environment.</p>	
VOTUM Verband	Q6	: In diesem Bereich konnten wir bisher keine Auffälligkeiten am Markt beobachtet.	Noted.
Austrian Federal Economic Chamber, Division Bank and Insurance	Q6	<p>No, The VVO's members are not aware of any systemic problem regarding the marketing material in relation to the sales of IBIPs.</p> <p>Marketing communications are already regulated under the PRIIPs Regulation and the IDD to ensure that all information is fair and not misleading and that marketing materials are clearly identifiable as such. As to sustainable IBIPs, the Sustainable Finance Disclosure Regulation requires marketing communications to not contradict the disclosures that are prescribed by law. More in general, the Unfair Commercial Practices Directive also provides for a horizontal framework against unfair business-to-consumer commercial practices.</p> <p>These comprehensive rules provide a more than adequate level of consumer</p>	Noted.

		<p>protection, as well as a sufficient basis for lawsuits by consumer protection organizations or for supervisory action, should there be any contraventions. Further legislation is not required.</p> <p>The EC should consider that disclosures are just one of the safeguards provided by the IDD: product design, testing and monitoring as per POG rules, professional advice, distributors' continuous training and suitability/appropriateness/demands and needs tests ensure a high level of consumer protection through the whole product life cycle. They provide supervisory authorities with a solid basis to monitor the market and swiftly and efficiently address any grievances even in a fast-evolving market environment.</p>	
EIOPA IRSG	Q6	<p>IDD and PRIIPs rules on marketing communications already ensure that consumers are provided with fair information and that marketing communications are clearly identifiable as such. The IDD also foresees further safeguards to ensure that the product meets the clients' needs, for example through the POG process.</p> <p>Some members have expressed no opposition to Level 3 guidance that could provide some clarity where needed, in particular regarding digital distribution models.</p> <p>Other members argued that a solution would be to require cooling off periods before signing a contract, where the consumer would be advised to check and compare other product offers in this period.</p> <p>Other members believe that based on IDD and PRIIPs requirements, key information is provided in good time before the conclusion of the contract, with derogations in case of distance communication. These rules have worked well in practice. It should be recognized that consumers expect efficient services and to be able to conclude insurance contracts when they need them — for example immediately — without unnecessary obstacles, delays or restrictions.</p>	<p>Noted, including regarding the fact that Level 3 guidance is seen as potentially useful.</p> <p>Regarding the case of social media platforms, this was taken into account in the final recommendations, regarding online advertising.</p>

		<p>Some members noted that social media platforms can give non-financial players (who are not bound by professional standards, lack the required professional qualification and appear to act in a private capacity) a large stage to influence the investment behaviour of retail investors. Such players often appear to act in a merely private capacity while in fact they are driven by strong economic considerations. Online platforms can give non-financial players a large stage to influence the investment behaviour of retail investors. In general, these members would recommend to subject online platforms who are effectively distributing IBIPs to the IDD regime.</p>	
BIPAR	Q6	<p>We believe that IDD and PRIIPs rules on marketing communications already ensure that consumers are provided with fair information.</p> <p>BIPAR is not opposed in principle to level 3 guidance that could provide some clarity where needed, in particular regarding digital distribution models. However we do not believe that additional requirements are needed in this respect.</p> <p>We suppose that national supervisory authorities and ombudspersons services at national level can provide additional input for answering this question in particular regarding marketing and publicity by purely digital distribution models.</p> <p>One option proposed by EIOPA would be for the IDD to invert the current approach to have a “digital by default” approach, with the option for consumers to ask for information both pre-contractually and periodically, on paper or in a printable format if they wish.</p> <p>BIPAR agrees in principle with that proposal that allows to take into consideration the needs of consumers wishing to receive the information on paper.</p> <p>At the same time as digital technologies are evolving, it is not uncommon to read advertisements on the Internet or on posters in the street, on public transport, etc., which boast of the speed with which products can be taken out, sometimes "in a few</p>	Noted.

		clicks". Speed is inconsistent with the distribution of IBIP's which, because of the financial stakes for the insured, in the medium or long term, require a minimum of awareness on the part of the client of his/her commitments.	
Assuralia	Q6	<p>We are not aware of any systemic problem regarding the relationship between the KID and marketing material.</p> <p>The PRIIPs Regulation and the IDD require that all information is fair and not misleading, and that marketing materials are clearly identifiable as such. Moreover, in Belgium, we already have a very extensive legislation on advertisements when marketing financial products to retail clients.</p> <p>For us, the risk of customers being misled, came from the complexity, duplication and the overload of existing information requirements.</p> <p>The idea of retaining a copy of all versions of the digital disclosures provided to customers seems very unclear to Assuralia, we're wondering what would be the scope of disclosures EIOPA's talking about and if this is about standardized documents such as the PRIIPs KID or all sorts of disclosures provided. How much time should old disclosures stay available for the customer Assuralia is of the view that it could have the contrary effect on the customer who could be lost in many versions of disclosures. The objective of clarity would not be attained with such a measure.</p>	<p>Noted.</p> <p>Regarding the copy of digital disclosures the recommendation concerns the record keeping of insurers and intermediaries.</p>
Italian Banking Association	Q6	<p>As far as it regards the Italian market, we do not see any specific issues with misleading advertisements and marketing material in relation to the sale of IBIPs, as the regulation issued by our competent authorities (IVASS and Consob) already contains sufficient provisions aimed at ensuring the fairness and correctness of all the advertisements and marketing material coming from insurance undertakings and insurance intermediaries.</p> <p>Our national regulation could therefore be taken as a benchmark in designing the upcoming new IDD provisions on this item.</p>	Noted.

<p>AGEA (French association of general insurance agents)</p>	<p>Q6</p>	<p>Advertisements and pre-contractual information must be clearly distinguished.</p> <p>At the same time, as digital technologies are evolving, we may often see advertisements on the Internet, billboards, public transport etc... which promote the speed with which products may be subscribed sometimes even “in a few clicks”.</p> <p>Promoting subscription speed is inconsistent with the distribution of IBIPs which, due to their financial stakes for the policy holders in the medium or long term, require awareness of their risks and commitments. In addition, remote subscriptions must generally be surrounded by specific precautions. It may be envisaged to introduce a regulatory incentive so that professionals commit to good practices with for instance codes of conduct.</p>	<p>Noted.</p>
<p>ANASF</p>	<p>Q6</p>	<p>No, we did not identify specific examples of misleading advertising about IBIPs.</p>	<p>Noted.</p>
<p>Austrian Insurance Association (VVO)</p>	<p>Q6</p>	<p>No, the VVO’s members are not aware of any systemic problem regarding the marketing material in relation to the sales of IBIPs.</p> <p>Marketing communications are already regulated under the PRIIPs Regulation and the IDD to ensure that all information is fair and not misleading and that marketing materials are clearly identifiable as such. As to sustainable IBIPs, the Sustainable Finance Disclosure Regulation requires marketing communications to not contradict the disclosures that are prescribed by law. More in general, the Unfair Commercial Practices Directive also provides for a horizontal framework against unfair business-to-consumer commercial practices.</p> <p>These comprehensive rules provide a more than adequate level of consumer protection, as well as a sufficient basis for lawsuits by consumer protection organizations or for supervisory action, should there be any contraventions. Further legislation is not required.</p>	<p>Noted.</p>

		<p>The EC should consider that disclosures are just one of the safeguards provided by the IDD: product design, testing and monitoring as per POG rules, professional advice, distributors' continuous training and suitability/appropriateness/demands and needs tests ensure a high level of consumer protection through the whole product life cycle. They provide supervisory authorities with a solid basis to monitor the market and swiftly and efficiently address any grievances even in a fast-evolving market environment.</p>	
<p>Bund der Versicherten (BdV - German Association of Insured)</p>	<p>Q6</p>	<p>Yes, there is one major concern with regard to interest rates published for IBIPs in advertisements and marketing materials. Independently of having included full or reduced guarantees in most cases it is not stressed that the interest rate does only apply on the investment part of the premiums and not on the gross premiums paid by the policyholders. Entry and ongoing costs as well as biometric risk costs (if included, for ex. death and disability) strongly reduce the investment part of the gross premium (from 10% up to 40%). In consequence there is always the danger of "monetary illusion" for the policyholders. It ought to be stipulated that advertisements of life insurers clearly stress the difference of gross premiums and investment part of the premiums, and that the latter has to be fully disclosed as it is calculated. This new obligation would constitute an important step for the better assessment of "value for money" for the future policyholders.</p>	<p>Noted. These concerns were taken into account in the final proposals and EIOPA will consider the specific cases raised in the context of possible future work at Level 3.</p>
<p>Fédération Bancaire Française</p>	<p>Q6</p>	<p>No, we are not aware of any issues with misleading advertisements or marketing material in relation to the sale of IBIPS.</p> <p>Marketing communications are already regulated under the PRIIPs Regulation and the IDD to ensure that all information is fair and not misleading and that marketing materials are clearly identifiable as such.</p> <p>In France, the French supervisor for the banking and insurance sector (ACPR) has published specific guidelines on this topic and carries out an advertising watch on insurance products.</p>	<p>Noted.</p>

		<p>Advertising is also monitored by a specific authority in France (l’Autorité de regulation professionnelle de la publicité)</p> <p>But, to our knowledge, both supervisors have never issued any sanction against an insurance undertaking or insurance intermediary on a topic relating to the marketing material of IBIPs.</p> <p>On the topic of the provision of information, as indicated in response to question 1, FBF supports EIOPA’s intention to allow a “digital by default” approach in the IDD, with the option for consumers to ask for information on paper or in a printable format if they wish.</p>	
<p>Gesamtverband der Deutschen Versicherungswirtschaft e. V.</p>	<p>Q6</p>	<p>We would like to point to the extensive legislation dealing with misleading marketing material, which exists already today. Apart from the specific provisions of Article 17 (1) and (2) IDD, Article 9 PRIIP Regulation, and – more recently – Article 13 SFDR, the Unfair Commercial Practices Directive provides for a harmonization of unfair business-to-consumer commercial practices in general. These comprehensive rules provide a more than adequate basis for lawsuits by consumer protection organizations or supervisory action, should there be any contraventions. Further legislation is not required.</p> <p>Furthermore, there have, in our experience, not occurred any systemic grievances regarding the marketing of IBIPs in Germany. The overwhelming majority of contracts for IBIPs in Germany are concluded as a result of individual advice, including the suitability assessment. Sales with only an appropriateness test or even “execution-only” sales remain the exception, e.g., when consumers are not willing to provide personal information to assess the suitability. In general, marketing information is, therefore, not the decisive factor for customers when buying an IBIP.</p>	<p>Noted.</p>

		<p>Regarding the issues addressed under No. 101 (sub number 2.-4.) we would like to emphasize that Article 17 IDD already focuses on the fair, not misleading treatment of consumers in their best interest. Moreover, the existing provisions on the POG-Process and suitability assessment ensure that suitable products are being sold to the right target market. We are convinced that the existing legal framework is appropriate to address the described issues.</p>	
ING Bank NV	Q6	<p>In general we see a wider retail population having an increased interest in financial instruments for various purposes. This wider population is often less likely to have in-depth knowledge and experience in relation to IBIP products and a larger proportion is likely to have a lower level of (financial) literacy. Currently a lot of the communication is often of a very legal and technical nature that will be hard to understand for a large part of society.</p> <p>Overall, we feel that it would be beneficial to simplify information drastically and make use of illustrations to visualize at first sight (possible) returns, risk and costs. Customers then can get a basic impression of the most important aspect of IBIPs and more easily compare them with other investment and saving solutions.</p>	Noted. We agree with the importance to simplify information.
Bundesverband Deutscher Vermögensberater	Q6	<p>Gelegentlich wird in Marketinginformationen mit sehr optimistischen Annahmen zur Projektion der Wertentwicklung gearbeitet, die dazu führen können, dass Kunden aufgrund überhöhter Renditeversprechen Produkte kaufen. Wir befürworten eine Regelung, nach der Renditeversprechen auf objektiven Berechnungsgrundlagen beruhen müssen (beispielweise reale Rendite der Anlageform in den zurückliegenden 10 Jahren). Diese Berechnungsgrundlagen sind gegenüber dem Kunden vor Abschluss und bei den jährlichen Standmitteilungen offenzulegen. Auch sollte es erforderlich sein, die Parameter bei Projektionen während der Vertragslaufzeit anzupassen.</p> <p>Mit Blick auf irreführende Werbung fordern wir, dass für alle Vertrieber/Vertriebskanäle von Versicherungsanlageprodukten ein einheitliches Level</p>	Noted. These concerns were taken into account in the final proposals and EIOPA will consider the specific cases raised in the context of possible future work at Level 3.

		-Playing- Field besteht. Zwar heißt es jetzt schon in Artikel 17 II IDD, dass „Marketing-Mitteilungen, die der Versicherungsvertreiber an Kunden oder potentielle Kunden richtet, redlich, eindeutig und nicht irreführend sein müssen“. Doch weist EIOPA in seinem Bericht auf Seite 27, FN 35 ebenfalls darauf hin, dass es neue „digital distribution models“ gäbe, die von der seitherigen gesetzlichen Definition nicht umfasst sind. Daher sind wir der Auffassung, dass solche regulatorischen Lücken unbedingt geschlossen werden sollten.	
Allianz SE	Q6	<p>While the key principles for marketing regulation are already contemplated in MiFID II and IDD, different national rules in this field prevent firms to fully leverage the benefits of the single market by offering simple and scalable products across Europe.</p> <p>Social media platforms can give non-financial players (who are not bound by professional standards and lack the required professional qualification and appear to act in a private capacity) a large stage to influence the investment behaviour of retail investors. Such players often appear to act in a merely private capacity, while in fact they are driven by strong economic considerations.</p> <p>Online platforms can give non-financial players a large stage to influence the investment behaviour of retail investors. In general, we would recommend to subject online platforms who are effectively distributing IBIPs to the IDD regime.</p>	Noted.
FECIF	Q6	So far, we have not observed any conspicuous features in the market in this area.	Noted.
Sparbanken Skåne AB (publ)	Q6	We do not see this problem in our country	Noted.
VOTUM Verband	Q6	So far, we have not observed any conspicuous features on the market in this area.	Noted.
Question 7: Do you agree on the current level of development of the market for online platforms distributing IBIPs? If not, please could you provide examples of where you see evidence of online platforms selling IBIPs at present and how you see this impacting the customer journey and if possible, any quantitative data you can provide on this distribution channel.			
Polish Chamber of Insurance	Q7	<ul style="list-style-type: none"> PIU agrees with EIOPA’s analysis that this is currently not a major distribution method for IBIPs. One reason for this is the specific characteristics of IBIPs, which differ both from non-life insurance products and other investment products. This 	Noted

		<p>results in many customers putting a higher value on personalized advice and face-to-face contact when deciding on taking out a long-term life insurance contract.</p> <ul style="list-style-type: none"> • Although sales are not normally conducted online, online information sources are still key to the customer journey. The majority of sales are now a hybrid of information gathering and ‘shopping around’ online followed by offline completion of the sale. • In general, PIU believes, that current and future regulation should always incorporate the digital appetite of both the product provider and the customer. Beside ensuring legal certainty the framework for the technical implementation of an electronic format should be as flexible as possible, to allow insurance companies to provide the KID in an electronic format that corresponds to their digital strategy, their needs and possibilities for the customer journey. • The rules must be technology-neutral to avoid repeated changes as the digital development continues. Therefore, details should be avoided to keep as much flexibility in the legislation as possible. 	
BETTER FINANCE	Q7	We agree with EIOPA’s assessment of the market for online distribution of IBIPs, as well as the advantages and challenges presented.	Noted
Irish Life Assurance PLC	Q7		
Unipol Gruppo S.p.A.	Q7		
Dutch Association of Insurers	Q7		
France Assureurs (Fédération Française de l'Assurance)	Q7	<p>Life insurance is a long-term savings product that comes in different types of underlying options (euros funds or unit-linked). Policyholders attach importance to the support and personalized advice when subscribing to a multi option products such as insurance-based investment products.</p> <p>Given their diversity of underlying options and the high importance of advice, pure online platforms are not a major distribution channel for MOPs investment products.</p>	Noted

		<p>Due to various measures related to the management of the health crisis, sales of life-insurance products decreased during the containment. Sales are now mostly hybrid, customer journeys are diverse and offer different modalities, combining face-to-face and digital steps. Nevertheless, the health situation has accelerated the adoption of digital technology and accelerated the digitalization of customer consumption habits. Online distribution of all products is growing, and this trend must be encouraged and supported.</p> <p>It is important to ensure that the development of this distribution channel does not undermine consumer protection and to ensure the same level of protection regardless of the type of distribution channel.</p> <p>Finally, to ensure a level playing field between different distribution models (digital, traditional, hybrid), it is crucial that regulation is technology-neutral so as not to unjustifiably disadvantage specific solutions or stifle innovation that is in the interest of customers.</p>	
Länsförsäkringar	Q7	<p>The regulatory framework should be made technology neutral. It is important to accept different durable mediums. According to current regulations, the starting point is paper-by-default. This should be changed to digital-by-default. The framework should support online distribution.</p> <p>Furthermore, when it comes to regulatory obstacles the implementation of common rules relating to digital identity is key.</p> <p>Robo-advice could probably provide future solutions however they could also carry other complications. The algorithms used to program such advice could encompass conflicts of interest and transparency can therefore be at risk. The supervision of the phenomena could probably become more difficult and in worst case this would lead to weaker consumer protection.</p>	Noted, the issue about inverting the approach from “paper by default” to “digital by default” has been addressed in the section on disclosures
ASSORETI - Association of intermediaries which	Q7		

provide investment advice service through their network of qualified individual financial advisors.			
Insurance Ireland	Q7	<p>We agree with EIOPA and Insurance Europe that this is currently not a major distribution method for IBIPs. However, regulation should not prevent innovation by dictating certain business models. Providers who decide to offer a 100% digital model should be free to do so as long as this is clear to potential customers. Customers who are uncomfortable about engaging digitally are unlikely to use such distribution channels. Distributors should be free to develop and price business models on the basis that all engagement will be digital. By allowing future legislation to be technology neutral this allows for flexibility in the development of these models. Legislation should provide no distinction between distribution models and an even playing field between these models should be ensured by the European Commission so as competitive disadvantages do not arise.</p> <p>We believe that all distribution activities are appropriately regulated under IDD and do not need procedural improvements for online distribution.</p>	Noted
BEUC, The European Consumer Organisation	Q7	N/A	
ANIA	Q7	<p>We agree with EIOPA’s analysis that online platforms are currently not a major distribution method for IBIPs, in most member States.</p> <p>One reason for this is the specific features of IBIPs which differ both from non-life and life insurance products and are characterized by further distinctive elements compared to the mere investment products. This results in many clients putting a higher value on personalised advice and face-to-face contact with an intermediary when deciding on taking out an insurance investment product.</p> <p>However, while sales are usually not completed online, this does not mean that the entire sales process took place offline. An increasing number of sales come at the end</p>	Noted re the need for human interaction and blurring of the lines between online and offline environments. This issue has been addressed in more detail in the section on the sales process

		<p>of a hybrid process with consumers gathering information online before accessing final advice. The recent COVID-19 pandemic has accelerated this process as many customers have sought to minimize personal contact. The result is that sales can no longer be meaningfully divided between "online" and "offline."</p> <p>The importance of online distribution is likely to grow as younger people, who have a greater need for online availability of products and information, start purchasing insurance products. This trend should also be encouraged through the establishment of a strong legal framework.</p> <p>Finally, with reference to the possible costs that would be incurred by consumers with the introduction of online platforms, it is important to underline that the implementation of robo-online advice would be very onerous and costly, with the result that only the major market players would be able to afford the implementation costs and maintenance efforts.</p>	
ACA	Q7		
Institut des actuaires (France)	Q7		
Spanish Banking Association	Q7		
Bundesarbeitsgemeinschaft zur Förderung der Versicherungsmakler (BFV)	Q7	Wir sprechen uns allgemein und grundsätzlich dafür aus, dass der Verbraucher bei allen Vertriebswegen das gleiche Schutzniveau vorfindet. Geringere Anforderungen beim Online-Vertrieb im Vergleich zum stationären Vertrieb sind abzulehnen, sowohl mit Blick auf den Verbraucherschutz als auch faire Wettbewerbsbedingungen.	Agreed on need for consistent level of consumer protection in the offline and online environments
Insurance Europe	Q7	<p>We agree with EIOPA's assessment that there are not a significant number of sales of IBIPs concluded online. One reason for this is the characteristics of the products themselves, with consumers seeking out face-to-face advice on the specific features of the products as they make what is perceived to be an important, long term investment in their financial security.</p> <p>However, although sales are usually not completed online, this does not mean the entire sales process has taken place offline. An increasing number of sales come at the</p>	Noted re the need for human interaction and blurring of the lines between online and offline environments. This issue has been addressed in more detail in the section on the sales process

	<p>end of a hybrid process with consumers gathering information and ‘shopping around’ online prior to accessing formal advice. The recent COVID-19 pandemic has accelerated this shift as many customers sought to minimise their in-person contact. The result is that sales can no longer be meaningfully split between ‘online’ and ‘offline’, with online platforms now a key component of many offline sales.</p> <p>The growth in the importance of online distribution is likely to continue as younger people, who have a stronger need for online availability of products and information, start looking to buy insurance products. This trend should be encouraged, and the changes to product information and disclosure requirements noted in the previous questions are key to this.</p> <p>In general, new regulation needs to facilitate this move online and provide a strong legal framework for the provision of advice online. This is best achieved through truly technology neutral legislation that presumes online distribution and is sufficiently future proof that it will not need to be updated as new technology emerges. This is also vital for continuing to enable consumers to move freely between online and offline distribution. A system where an online sale is subject to a different set of requirements would create a barrier to consumers accessing information in whichever way they feel most comfortable. The end goal should be a single set of standards applicable to all distribution methods, meaning consumers can expect the same high standards whether they access insurance online, offline, or as a mixture of both.</p> <p>With reference to EIOPA’s assessment that a shift towards online sales could decrease costs for consumers, it should be noted that the implementation of online robo-advice is expensive and burdensome. This is a key reason why it is currently not widely available in many markets. Concentration of online sales with only the major market players able to afford the implementation costs and maintenance efforts should be avoided.</p> <p>We would also like to point out the relative unimportance of online switching services for IBIPs. EIOPA notes this in the report but in our view personalised, long-term</p>	
--	---	--

		products like IBIPs will inevitably be switched much less often. Extensive switching is unlikely to be in the consumers benefit (e.g., cancellation costs, lower guaranteed interest rates, or poorer biometric parameters due to changed entry age or health status), and so actively encouraging online switching is not advisable.	
VOTUM Verband	Q7	<p>Wir betrachten eine isolierte Vermittlung von Altersvorsorgeprodukten über digitale Abschlussstrecken sehr kritisch. Die dortigen verkürzten Fragestellungen, die sich im Wesentlichen auf die Einkommenshöhe des Interessenten beschränken, sind nicht im Ansatz ausreichend.</p> <p>Eine umfassende Beratung zur Altersvorsorgeabsicherung ist in diesen Abschlussstrecken nicht zu erkennen. Wir sind darüber hinaus der Auffassung, dass eine isolierte Beratung allein im Bereich der Altersvorsorge nicht zielführend ist. Es bedarf einer ganzheitlichen Beratung der Absicherungssituation des Interessenten, die insbesondere auch seine Daseinsvorsorge umfasst, d. h. seine Absicherung gegen elementare Haftungsrisiken und auch seine Einkommens- und Arbeitskraftabsicherung.</p> <p>Nur so kann sichergestellt werden, dass auch eine stabile Altersvorsorge dauerhaft von dem Interessenten aufgebaut werden kann und er nicht in die Situation kommt, Altersvorsorgeverträge vorzeitig kündigen zu müssen.</p> <p>In Deutschland hat sich beim Deutschen Institut für Normung DIN, der nationalen Partnerorganisation des europäischen Komitees für Normung CEN, ein Normungsrat jahrelang intensiv mit der Fragestellung befasst, wie eine umfassende Risikoanalyse eines Privathaushaltes durchzuführen ist, um auf Basis einer solchen vollständigen Risikoanalyse eine qualifizierte Altersvorsorgeberatung zu erbringen. Das Ergebnis ist die DIN-Norm 77230 „Basis-Finanzanalyse für Privathaushalte“ (https://www.din.de/de/din-und-seine-partner/presse/mitteilungen/erste-deutsche-norm-fuer-die-finanzdienstleistung-320356).</p> <p>Die ganzheitlichen Beratungsansätze unserer Mitgliedsunternehmen, die die Anforderungen der DIN-Norm im Wesentlichen abdecken, sind damit deutlich</p>	Agreed that digital tools do not fully replace the need for individual advice when it comes to advice on retirement provision and the need for ongoing advice as well

		<p>umfassender als alles was derzeit im Angebot von Onlineabschlüssen zu beobachten ist und umgesetzt wird.</p> <p>Eine qualifizierte Altersvorsorgeberatung erfolgt zudem immer in mehreren aufeinander aufbauenden Beratungsgesprächen. Dies ist notwendig damit sich die Berater auch vergewissern können, dass die Interessenten die Besonderheiten der alternativen Vorsorgeangeboten nachvollzogen und verstanden haben.</p> <p>Hier gibt es bekanntlich gravierende Unterschiede, unter anderem bei Garantien, Verrentung oder der staatlichen Förderung.</p> <p>Auch die diesbezüglichen Informationen und die Sicherstellung des erforderlichen Verstehens auf Seiten der Verbraucher wird in den digitalen Abschlüssen nicht angemessen sichergestellt. Wir können daher Vorteile oder auch nur eine Eignung der digitalen Altersvorsorgeberatung als alleinigen Abschlussweg derzeit nicht erkennen. Tatsächlich können digitale Werkzeuge in der Hand eines qualifizierten Beraters sehr geeignet sein, um Kunden bestmöglich zu beraten.</p> <p>Digitale Hilfsmittel können darüber hinaus sinnvoll eingesetzt werden, wenn Berater ihre Kunden auf Distanz beraten. Sie sind daher Ergänzung können jedoch eine individuelle Beratung nicht ersetzen.</p> <p>Eine gute Beratung endet zudem nicht mit dem Vertragsabschluss. Regelmäßige Follow-Up-Gespräche zu Verträgen, die notwendig sind, wenn sich die persönliche Situation des Versicherungsnehmers verändert (Eheschließung / Geburt von Kindern / Berufswechsel etc), wird derzeit nach unserer Wahrnehmung im Bereich Robo-Beratung nicht durchgeführt.</p>	
Austrian Federal Economic Chamber, Division Bank and Insurance	Q7	We agree with EIOPA's assessment that there are not a significant number of sales of IBIPs concluded online. One reason for this is the characteristics of the products themselves, with consumers seeking out face-to-face advice on the specific features of the products as they make what is perceived to be an important, long term investment in their financial security.	Noted, also re lack of benefits from switching IBIPs

		<p>However, although sales are usually not completed online, this does not mean the entire sales process has taken place offline. An increasing number of sales come at the end of a hybrid process with consumers gathering information and ‘shopping around’ online prior to accessing formal advice. The recent COVID-19 pandemic has accelerated this shift as many customers sought to minimise their in-person contact. The result is that sales can no longer be meaningfully split between ‘online’ and ‘offline’, with online platforms now a key component of many offline sales.</p> <p>The growth in the importance of online distribution is likely to continue as younger people, who have a stronger need for online availability of products and information, start looking to buy insurance products. This trend should be encouraged, and the changes to product information and disclosure requirements noted in the previous questions are key to this.</p> <p>In general, new regulation needs to facilitate this move online and provide a strong legal framework for the provision of advice online. This is best achieved through truly technology neutral legislation that presumes online distribution and is sufficiently future proof that it will not need to be updated as new technology emerges. This is also vital for continuing to enable consumers to move freely between online and offline distribution. A system where an online sale is subject to a different set of requirements would create a barrier to consumers accessing information in whichever way they feel most comfortable. The end goal should be a single set of standards applicable to all distribution methods, meaning consumers can expect the same high standards whether they access insurance online, offline, or as a mixture of both.</p> <p>With reference to EIOPA’s assessment that a shift towards online sales could decrease costs for consumers, it should be noted that the implementation of online robo-advice is expensive and burdensome. This is a key reason why it is currently not widely available in many markets. Concentration of online sales with only the major market players able to afford the implementation costs and maintenance efforts should be avoided.</p>	
--	--	--	--

		<p>We would also like to point out the relative unimportance of online switching services for IBIPs. EIOPA notes this in the report but in our view personalised, long-term products like IBIPs will inevitably be switched much less often. Extensive switching is unlikely to be in the consumers benefit (e.g., cancellation costs, lower guaranteed interest rates, or poorer biometric parameters due to changed entry age or health status), and so actively encouraging online switching is not advisable.</p>	
<p>EIOPA IRSG</p>	<p>Q7</p>	<p>The IRSG agrees that this is currently not a major distribution method for IBIPs, but in the future it will probably become mainstream, as digital distribution is growing and will become increasingly significant.</p> <p>In this regard, it is relevant to highlight the importance of human advice /Hybrid advice (human and digital) for the distribution of products in general and for IBIPs in particular.</p> <p>Furthermore, in recent expert debates on the occasion of the EIOPA webinars regarding digitalization have shown that human governance is necessary for the moment, that AI may not be stable, that the transparency of data sources is key, that algorithms are often not transparent in terms of their objective and that there is need to control and test the stability of the “self-learning” AI.</p> <p>However, looking to the future, work should start to focus on the effectiveness and control of digital advice provision and not only human advice. This is best achieved through technologically-neutral regulation that applies the same high standards to all varieties of advice (online, offline, hybrid) but is future proof and can be applied meaningfully to emerging new technologies.</p> <p>Additionally, it is also important to stress the importance to oversee the information offered by some Online platforms, where it is difficult find all of the product features, including risk and associated total costs.</p>	<p>Noted re potential for future market development, but need to keep technological neutrality which is referred to several times in the final advice. In addition, potential for information asymmetry for consumers as a risk with platforms/digital distribution is also mentioned</p>

BIPAR	Q7	<p>BIPAR agrees with EIOPA that not many IBIPs products are today distributed via online platforms in the EU. In general, insurance intermediaries note that the majority of customers for this type of product need support and a relationship of trust with a professional.</p> <p>It is interesting to refer here to the conclusions of the French Supervisory Authorities, the ACPR/AMF (Control Conference, 25 November 2021) on digital underwriting, which show that online underwriting often means:</p> <ul style="list-style-type: none"> - a lack of clarity in the pre-contractual information, - a lack of clarity on the risks associated with investments, - insufficient study of the customer's demands and needs and - inadequate support for the client. <p>Based on these findings, it appears that these difficulties are those that can be found in relation to distance marketing in general. Consequently, as EIOPA points out, the purely digital distribution channel requires to be appropriately regulated to protect the consumer.</p> <p>To date, robo-advisors appear to be tools available to professionals to refine the client's asset management approach, and the approach of combining the best of digital and human aspects appears to be the one of intermediaries.</p> <p>The realities of the market must be taken into account: in the French market for example, IBIPs are mainly sold via insurance intermediaries, in line with the wishes of French investors. The search for a relationship of trust between a professional intermediary and a client should therefore not be considered as obsolete but as a reality, or even a condition for clients to invest in IBIPs (re the topic of robo-advisors in a B to B to C model: Revue Banque, 24 Jan. 2020, Développement et perspectives du marché des robo-advisors: quels enjeux pour les banquiers et assureurs?).</p>	Noted re need for consumers to have relationship of trust and potential risks from robo-advice

		<p>Lastly, we would like to refer to the EIOPA’s Expert Group report on Digital Ethics published in June 2021. The report sets out governance principles for an ethical and trustworthy AI in the insurance sector, and provides in particular non-binding guidance on how to implement fairness and non-discrimination, transparency and explainability, human oversight, data governance and robustness in a risk-based and proportionate manner.</p> <p>As explained in the above-mentioned report, when robo-advisors are used to provide advice to consumers (e.g. about investments options in life insurance), <i>“it is important that consumers are aware that they are interacting with an AI system and not a human. Consumers should also be provided with meaningful and timely information about the system’s capabilities and limitations, and to the extent possible, consumers should be allowed to request the intervention of an employee/ human intermediary at some point of the process. In the specific case of robot-“advisors”, consumers or supervisors should also have a view of the algorithms behind the recommendations and the data (potentially “mined” form social media for example without the consumer knowing about it as well as information whether human assistance is available from the firm and how it can be accessed.”</i></p>	
Assuralia	Q7	<p>We agree with EIOPA’s analysis that this is currently not a major distribution method for IBIPs. One reason for this is the specific characteristics of IBIPs which differ both from non-life insurance products and other investment products. This results in many customers putting a higher value on personalized advice and face-to-face contact when deciding on taking out a long-term life insurance contract.</p> <p>Online distribution of all product is growing, and this should be encouraged and supported especially as more customers enter the market for IBIPs who are increasingly digitally savvy. In general, we believe, that current and future regulation should always incorporate the digital appetite of both, the product provider and the customer. Besides ensuring legal certainty, the framework for the technical implementation of an electronic format should be as flexible as possible, to allow insurance companies to provide information’s in an electronic format that</p>	Noted

		<p>corresponds to their digital strategy, their needs and possibilities for the customer journey.</p> <p>In terms of impact on the customer journey, when developing open-architecture models, one should be vigilant to the potential challenges related to the depth of the products and investments line-up, which could cause difficulties for the consumer to understand the difference between products (to select the best suited investment based on customers profile or at the contrary large choice of funds not suited to the customers profile), and the more complicated post-sales process in case of question or needed contract servicing, due to the specific nature of an insurance based investment contract when compared to other – one-shot - types of goods or services.</p> <p>We would like to highlight the fact that the insurance sector is a comprehensively regulated and supervised sector with a sound conduct of business and prudential framework in place. However, while new technological opportunities and new customer behaviour enable new service concepts, new service providers have also entered the market. For these providers, regulatory requirements are often less strict than those in the traditional insurance services industry. The crucial issue is to ensure that financial customers enjoy the same level of protection, regardless of whether they are served by established providers or new entrants to the market, by bringing all new market entrants within the scope of insurance regulation. It is therefore crucial to respect the principle of “same activities, same risks, same rules” and strive for a true level playing field.</p>	
Italian Banking Association	Q7	<p>The Italian regulatory framework issued in 2020 to implement the IDD envisages the obligation to provide investment advice for the distribution of complex IBIPs and includes investment advice of IBIPs within the scope of MiFID II investment advice in those instances where investment firms operate as insurance intermediaries.</p> <p>Thus explains the reason why we do not have any elements to share regarding the current or potential growth of online platforms distributing IBIPs in the Italian market.</p>	Noted

<p>AGEA (French association of general insurance agents)</p>	<p>Q7</p>	<p>Online IBIP underwriting is very limited in the French market. According to the 2020 report (p.39) of France Assureurs (French Insurance Federation), only 4% of premiums for life insurance companies are paid via an online platform.</p> <p>General Insurance Agents note that for this type of product, the majority of clients need guidance, support and a trust relationship with a professional.</p> <p>It seems important to put this observation in parallel with those of the national supervisory authorities (ACPR/AMF, November 25th, 2021 conference on digital underwriting), according to which, in online underwriting:</p> <ul style="list-style-type: none"> - Pre-contractual information lacks clarity and readability; - The risks linked to investments lack clarity; - Client support is perfectible. <p>On the basis of these observations, it appears that these challenges may be generally found in distance selling. Consequently, as EIOPA points out, this sales channel requires appropriate regulations that truly protect the customer.</p> <p>To date, robo-advisors appear to be tools available to professionals to refine the clients' wealth management approach. This approach, which would combine the best of digital and human elements seems to be an appealing idea to explore.</p> <p>Concrete developments must be taken into consideration: traditional in-person subscription remains market predominant for IBIPS in France, Italy and Spain at least as confirmed by the November 2021 KPMG study 'Commission-based remuneration vs fee-based remuneration: is there a better model for retail investors?'</p> <p>In consequence, trust relationships between identified professional and clients should not be considered as outdated. They are a reality, and perhaps even a condition of investing in IBIPs. ("Banque" Review, January 24th, 2020, Développement et</p>	<p>Noted</p>
--	-----------	--	--------------

		perspectives du marché des robo-advisors: quels enjeux pour les banquiers et assureurs?).	
ANASF	Q7	We agree with EIOPA's analysis. We are not aware of any development of the online platforms distributing IBIPs.	Noted
Austrian Insurance Association (VVO)	Q7	<p>We agree with EIOPA's assessment that there are not a significant number of sales of IBIPs concluded online. One reason for this is the characteristics of the products themselves, with consumers seeking out face-to-face advice on the specific features of the products as they make what is perceived to be an important, long term investment in their financial security.</p> <p>However, although sales are usually not completed online, this does not mean the entire sales process has taken place offline. An increasing number of sales come at the end of a hybrid process with consumers gathering information and 'shopping around' online prior to accessing formal advice. The recent COVID-19 pandemic has accelerated this shift as many customers sought to minimise their in-person contact. The result is that sales can no longer be meaningfully split between 'online' and 'offline', with online platforms now a key component of many offline sales.</p> <p>The growth in the importance of online distribution is likely to continue as younger people, who have a stronger need for online availability of products and information, start looking to buy insurance products. This trend should be encouraged, and the changes to product information and disclosure requirements noted in the previous questions are key to this.</p> <p>In general, new regulation needs to facilitate this move online and provide a strong legal framework for the provision of advice online. This is best achieved through truly technology neutral legislation that presumes online distribution and is sufficiently future proof that it will not need to be updated as new technology emerges. This is also vital for continuing to enable consumers to move freely between online and offline distribution. A system where an online sale is subject to a different set of requirements would create a barrier to consumers accessing information in whichever way they feel most comfortable. The end goal should be a single set of standards</p>	Noted

		<p>applicable to all distribution methods, meaning consumers can expect the same high standards whether they access insurance online, offline, or as a mixture of both.</p> <p>With reference to EIOPA's assessment that a shift towards online sales could decrease costs for consumers, it should be noted that the implementation of online robo-advice is expensive and burdensome. This is a key reason why it is currently not widely available in many markets. Concentration of online sales with only the major market players able to afford the implementation costs and maintenance efforts should be avoided.</p> <p>We would also like to point out the relative unimportance of online switching services for IBIPs. EIOPA notes this in the report but in our view personalised, long-term products like IBIPs will inevitably be switched much less often. Extensive switching is unlikely to be in the consumers benefit (e.g., cancellation costs, lower guaranteed interest rates, or poorer biometric parameters due to changed entry age or health status), and so actively encouraging online switching is not advisable.</p>	
<p>Bund der Versicherten (BdV - German Association of Insured)</p>	<p>Q7</p>	<p>Yes, we agree with EIOPA's conclusions on digital platforms for IBIPs as pointed out for potential developments and for certain risks to consumers (cf. CP, p. 40). For Germany, in May 2021, the most comprehensive study on Insurtechs was published by the NEWPLAYERSNETWORK (linked to Versicherungsforum Leipzig, supported by the University of Leipzig): Website: www.newplayersnetwork.jetzt/insurtech-ubersicht/</p> <p>Insurers, brokers and technical support providers (cyber security, data mining and protection, automated claims procedures, etc.) for insurers are included in this study. The study will be updated regularly.</p> <p>There are a lot of commercial websites for insurance tariffs comparisons in Germany like these ones:</p> <ul style="list-style-type: none"> • check24.de 	<p>Noted</p>

		<ul style="list-style-type: none"> • verivox.de • Transparent-beraten.de. • Toptarif.de • Tarifcheck.de • Vergleichen-und-sparen.de <p>They are mostly directly registered as brokers following to IDD. The problems we see with regard to the lack of transparency and to conflicts of interest are explained in our comment to Q 8.</p>	
Fédération Bancaire Française	Q7	<p>In France, the online distribution of multiple-option insurance contracts is highly developed and online banks hold a significant part of this market. Regardless of the insurance contract sales channel, the distribution of this contract must be carried out with advice under French Law (the duty of advice)</p> <p>It is essential that regulation applicable to the distribution of insurance contracts remain the same as for other distribution channels. In France, such common rules have not slowed down the development of online sales of insurance contracts.</p>	Noted
Gesamtverband der Deutschen Versicherungswirtschaft e. V.	Q7	<p>We share EIOPA’s assessment that the distribution of IBIPs via online platforms has been quite limited so far. One reason for this is the specific characteristics of IBIPs which differ from both non-life insurance products and other investment products. This results in many customers putting a higher value on personalized advice when deciding on taking out a long-term life insurance contract.</p> <p>At the same time, market development is very dynamic and characterised by diverse innovations and new models of cooperation. This development was accelerated by the social distancing during the pandemic. Some intermediaries offer their services by hosting (comparison) platforms and backing up the online process with the possibility to seek advice via telephone, chat, video calls or other communication tools. On the other hand, traditional intermediaries are increasingly making use of digital tools to offer and enhance their services. Platforms are often involved in the acquisition process. Customers increasingly switch between online and offline environments and demand “hybrid” communication and a smooth customer journey. Given that we do</p>	<p>Noted and agreed re need for consistent level of consumer protection in the offline and online environment.</p> <p>Regarding record-keeping obligations, we consider these particularly important to ensure an effective hook for conduct supervision by NCAs. EIOPA is not a position to make recommendations to amend MiFID II as it does not fall under EIOPA’s legal competence</p>

	<p>not see online platforms as a separate distribution channel.</p> <p>From a customer's point of view, the same high level of consumer protection must be consistently ensured over all distribution approaches in the market, irrespective of their business model. Therefore, there should be no regulatory distinction between "online" and "offline" distribution. Regulation should also be technology-neutral. To ensure both fair and effective competition, a level playing field between the business models is key. Different rules for online and offline activities would make it difficult for retail investors to switch between communication channels. It is also important to avoid distortions of competition.</p> <p>Having this in mind we would like to flag, that the taping and record-keeping requirements within MiFID II are not practical and excessively burdensome. They have the potential to impair the confidentiality of communication between insurers, intermediaries, and clients. In addition, they raise data privacy concerns for consumers and cause high costs. Therefore stakeholders are in favour of deleting the provision from MiFID II (e.g. see position of German Ministry of Finance: https://www.bundesfinanzministerium.de/Content/DE/Standardartikel/Themen/Internationales_Finanzmarkt/Position-paper-MiFID-and-PRIIPS.pdf? blob=publicationFile&v=3). The IDD pragmatic approach should be maintained.</p> <p>EIOPA mentions that costs could be reduced by robo-advice. We point out that the implementation of automated tools is very cost-intensive. The maintenance, update, and supervision of these systems cause additional ongoing costs. Furthermore, the customer situations and resulting demands and needs for IBIPs are different from those for non-life insurance or investments like ETFs. Hence, providing automated advice tools for selling IBIPs is much more costly. Therefore, only a very limited number of Market participants have the necessary resources to run such systems. We doubt that robo-advice for IBIPs would provide a cost-advantage.</p>	
--	---	--

ING Bank NV	Q7	By their technical nature, IBIPs are a rather complex product compared to a Home or Car insurance or regular investment products. Therefore, within our own distribution, where we also offer digital sales of IBIPs, we certainly observe that customers still look for some sort of assistance for these products either via (video) chat or call.	Noted
Bundesverband Deutscher Vermögensberater	Q7	Es gibt auf dem deutschen Markt Anbieter, die IBIPs auch rein digital zur Verfügung stellen. Das Absatzvolumen ist dabei minimal. Dies zeigt: Gerade IBIPs sind als rein digitales Angebot nicht marktfähig, da sie ohne Beratung und Aufklärung nicht nachgefragt und verstanden werden. Produktbeschreibungen sind zu technisch, als dass sie verstanden werden können. In erster Linie liegt das an der komplexen Basiskonstruktion aus einer Mischung von Risikoabsicherung (z.B. Tod, Berufsunfähigkeit, Grundfähigkeitsverlust) und kapital-marktorientierter Geldanlage. Beide Komponenten sind bereits isoliert beratungsbedürftig, in Kombination erst recht. Die Digitalisierung ist insoweit als Hilfsmittel für Berater insbesondere im Bereich der Darstellung und Erklärung von IBIPs hilfreich (z.B. Apps mit anschaulichen Grafiken und Animationen).	Noted re need for advice due to complexity of products, but that digital tools can still assist the sales process
Actuarial Association of Europe	Q7		
Die Deutsche Kreditwirtschaft	Q7		
Allianz SE	Q7	Allianz agrees with the assessment of the maturity level of IBIPs platforms in most European markets. In Germany, however, pure insurance products, incl. life, are broadly available on platforms (e.g. Check24). The stronger development of the market for online platforms distributing non-life and risk life insurance products reflects their intrinsic interchangeability and consequent price-driven relevance of the offers.	Noted
FECIF	Q7	We take a very critical view of the isolated brokerage of old-age provision products and long-term investment through Insurance-Based Investment Products via digital channels. The abbreviated questions there, which are essentially limited to the income level of the prospective customer, are not even remotely adequate.	Noted re point that digital tools can assist the sales process, rather than fully replace advice

	<p>Comprehensive advice on old-age provision and long-term investment through Insurance Based Investment Products cannot be discerned in this way. Furthermore, we are of the opinion that an isolated consultation alone in the areas of old-age provision and long-term investment through Insurance Based Investment Products is not purposeful. What is needed is holistic advice on the financial situation of the interested party, which in particular also includes provision for his/her livelihood, i.e. his/her protection against elementary liability risks and also his/her income and employment protection.</p> <p>This is the only way to ensure that a stable old-age provision and long-term investment through Insurance Based Investment Products can be built up by the interested party in the long-term and that he/she does not get into the situation of having to terminate old-age provision contracts prematurely.</p> <p>In Germany, a standards council at the German Institute for Standardisation DIN, the national partner organisation of the European Committee for Standardisation CEN, has spent years intensively dealing with the question of how a comprehensive risk analysis of a private household should be carried out in order to provide qualified old-age provision and long-term investment through Insurance Based Investment Products advice on the basis of such a complete risk analysis. The result is the DIN standard 77230 "Basic financial analysis for private households" (https://www.din.de/de/din-und-seine-partner/presse/mitteilungen/erste-deutsche-norm-fuer-die-finanzdienstleistung-320356).</p> <p>The holistic advisory approaches of our member companies, which essentially cover the requirements of the DIN standard, are thus significantly more comprehensive than anything that can currently be observed and is being implemented in the offer of online contracts.</p> <p>Moreover, qualified old-age provision and long-term investment through Insurance Based Investment's Products advice always takes place in several counselling sessions that build on each other. This is necessary so that the advisors can also make sure that</p>	
--	---	--

		<p>the interested parties have understood the special features of the various pension options.</p> <p>As is well known, there are serious differences here, among other things in guarantees, annuitisation or State subsidies.</p> <p>The information in this regard, and the assurance of the necessary understanding on the part of the consumer, is also not adequately ensured in digital financial statements. Therefore, we cannot see any advantages or even suitability of digital pension advice as a sole closing channel at the moment. In fact, digital tools in the hands of a qualified advisor can be very suitable to advise clients in the best possible way.</p> <p>Moreover, digital tools can be used sensibly when advisors advise their clients at a distance. They are therefore complementary but cannot replace individual advice.</p> <p>Good advice does not end with the conclusion of the contract. Regular follow-up discussions on contracts, which are necessary if the personal situation of the policyholder changes (marriage / birth of children / change of profession etc.), are currently not carried out in the area of robo-advice, as far as we have perceived.</p>	
Sparbanken Skåne AB (publ)	Q7	We are positive to the development since more and more people want this form of flexibility	Noted re need fro consumers to have flexibility
VOTUM Verband	Q7	<p>We take a very critical view of the isolated brokerage of old-age provision products via digital closing channels. The abbreviated questions there, which are essentially limited to the income level of the prospective customer, are not even remotely adequate.</p> <p>Comprehensive advice on old-age provision cannot be discerned in these closing sections. Furthermore, we are of the opinion that an isolated consultation alone in the area of old-age provision is not purposeful. What is needed is holistic advice on the insurance situation of the interested party, which in particular also includes his provision for his livelihood, i.e. his protection against elementary liability risks and also his income and employment protection.</p>	Noted

	<p>This is the only way to ensure that a stable old-age provision can be built up by the interested party in the long term and that he does not get into the situation of having to terminate old-age provision contracts prematurely.</p> <p>In Germany, a standards council at the German Institute for Standardisation DIN, the national partner organisation of the European Committee for Standardisation CEN, has spent years intensively dealing with the question of how a comprehensive risk analysis of a private household is to be carried out in order to provide qualified old-age provision advice on the basis of such a complete risk analysis. The result is the DIN standard 77230 "Basic financial analysis for private households" (https://www.din.de/de/din-und-seine-partner/presse/mitteilungen/erste-deutsche-norm-fuer-die-finanzdienstleistung-320356).</p> <p>The holistic advisory approaches of our member companies, which essentially cover the requirements of the DIN standard, are thus significantly more comprehensive than anything that can currently be observed and is being implemented in the offer of online contracts.</p> <p>Moreover, qualified old-age provision counselling always takes place in several counselling sessions that build on each other. This is necessary so that the advisors can also make sure that the interested parties have understood the special features of the alternative pension offers.</p> <p>As is well known, there are serious differences here, among other things in guarantees, annuitisation or state subsidies.</p> <p>The information in this regard and the assurance of the necessary understanding on the part of the consumer is also not adequately ensured in the digital financial statements. Therefore, we cannot see any advantages or even suitability of digital pension advice as a sole closing channel at the moment. In fact, digital tools in the hands of a qualified advisor can be very suitable to advise clients in the best possible</p>	
--	---	--

		<p>way.</p> <p>Moreover, digital tools can be used sensibly when advisors advise their clients at a distance. They are therefore complementary but cannot replace individual advice.</p> <p>Good advice does not end with the conclusion of the contract. Regular follow-up discussions on contracts, which are necessary if the personal situation of the policyholder changes (marriage / birth of children / change of profession etc.), are currently not carried out in the area of robo-advice according to our perception.</p>	
<p>Bundesverband Deutscher Versicherungskaufleute</p>	<p>Q7-Q9</p>	<p>EIOPA ist der Auffassung, dass digitale Tools und Plattformen das Potential haben, die Kundenerfahrung zu verbessern, indem sie besser auf die spezifischen Bedürfnisse und Erwartungen der Verbraucher eingehen können. Auch ermöglichen sie einen einfachen Zugang zu Finanzprodukten und Finanzdienstleistungen über die meisten digitalen Geräte und ohne zeitliche Beschränkung. EIOPA sieht insbesondere ein Potential für Online-Plattformen, um den Vertrieb von IBIPS-Produkten weiterzuentwickeln. Gleichzeitig soll jedoch bedacht werden, dass bestimmte Risiken für den Verbraucher berücksichtigt werden müssen, sollte sich ein solcher Markt weiterentwickeln. Dazu gehören Risiken, wie unzureichende Verbraucherinformationen, Informationsasymmetrien oder der Missbrauch von Kundendaten. Hierzu empfiehlt EIOPA in der Zukunft eine Kosten-Nutzen-Analyse vorzunehmen.</p> <p>Der BVK ist der Auffassung, dass der Vermittlungsprozess ein hybrider Prozess ist. Kontaktpunkte könnten z.B. persönlich, digital, abwechselnd oder in Kombination möglich sein. Wir sind daher der Meinung, dass ein pragmatischer Ansatz in Bezug auf die Digitalisierung vorgenommen werden muss und man zwischen rein digitalen Anbietern und Mischformen unterscheiden sollte. Neue Regeln oder Aufsichtsansätze sollten den digitalen Übergang ermöglichen, jedoch in der Anwendung verhältnismäßig sein.</p> <p>In Bezug auf eine ROBO-Beratung möchten wir weiter anregen, diesen Begriff besser als „ROBO-Assistenz“ oder „ROBO-Information“ zu verstehen. Vielerlei</p>	<p>Noted</p>

	<p>Untersuchungen in der Vergangenheit haben gezeigt, dass eine menschliche Führung notwendig, künstliche Intelligenz möglicherweise nicht immer stabil und die Transparenz der Datenquellen entscheidend ist. Ebenso, dass Algorithmen oft nicht transparent in Bezug auf ihr Ziel sind und dass die Stabilität der selbstlernenden, künstlichen Intelligenz kontrolliert und getestet werden muss.</p> <p>Insbesondere erachten wir es für essenziell, dass beim Einsatz von Roboterberatung im Rahmen der Beratung von Verbrauchern diesen bewusst sein muss, dass sie mit einem künstlichen Intelligenzsystem und nicht mit einem Menschen interagieren. Dieser Gedanke wurde auch durch das Urteil des OLG München gegen Check24 (AZ: 29 U 3139/16) bestätigt. Der BVK hatte im Herbst 2015 Klage gegen Check24 erhoben mit dem Vorwurf, unter dem Deckmantel eines Preisvergleichsportals locke das Internetportal Verbraucher auf seine Plattform, um Versicherungsverträge abzuschließen. Bei diesen Online-Geschäften finde weder die gesetzlich vorgeschriebene Information noch die gesetzlich vorgeschriebene Beratung des Verbrauchers statt. Diese Auffassung bestätigte das OLG München und ließ keine Zweifel daran, dass Online-Anbieter bei der Beratung und beim Verkauf von Versicherungen generell und ausnahmslos den gleichen Anforderungen genügen müssen wie stationäre Versicherungsvermittler.</p> <p>Das Internetportal Check24 müsse vor dem online Abschluss einer Versicherung seine Kunden besser informieren und umfassender beraten als bisher. Zudem müsse Check24 deutlich mehr Informationen über den jeweiligen Kunden und dessen Bedürfnisse einholen und sich bereits ab Erstkontakt als Makler zu erkennen geben, der nicht nur Preise vergleicht, sondern als Online-Versicherungsmakler Provisionen kassiert.</p> <p>Gerade im Bereich komplexer IBIPs-Produkte kann ein rein digitaler Vertrieb auch kontraproduktiv sein und den Kunden eher abhalten tätig zu werden, als entsprechend zu sensibilisieren. Im Übrigen ist der web-basierte Vertrieb in der IDD und der deutschen Umsetzung erfasst.</p>	
--	---	--

		<p>Eine Verschärfung der bestehenden Regeln erachten wir daher für nicht notwendig, möchten aber auch daran appellieren, hier die gleichen Wettbewerbsbedingungen zu belassen bzw. zu schaffen.</p> <p>Des Weiteren sind wir der Auffassung, dass jede Versicherungsvertriebstätigkeit auch in den Anwendungsbereich der IDD fallen sollte. Nur dieses macht die IDD zukunftssicher, gewährleistet Verbraucherschutz und sorgt für gleiche Wettbewerbsbedingungen zwischen den Anbietern.</p> <p>In diesem Zusammenhang muss berücksichtigt werden, dass mit einer Bereitstellung von Vergleichswebseiten nicht die Frage geklärt ist, wie ein potenzieller Anleger motiviert wer den kann, diese auch zu besuchen. Den Kunden zu ermutigen und zu überzeugen, seine Ersparnisse in Anlagen zu verwandeln, ist eine elementare Aufgabe des Vermittlers. Vergleichsportale können nur den Vergleich zwischen den Produkten wiedergeben, sie geben aber keine Antwort auf die Frage, inwieweit ein Produkt an die Anforderungen und Bedürfnisse des Verbrauchers in einer bestimmten Situation angepasst ist. Es besteht dann die Gefahr, dass der Verbraucher die falschen Produkte kauft.</p> <p>Wir sind daher der Auffassung, dass ohne die provisionsgestützte Beratungsarbeit Millionen von Baufinanzierungen nicht stattgefunden hätten, Hundertausende von Finanzierungen im kleinen und mittelständischen Bereich nicht durchgeführt worden wären und letztendlich Millionen nicht die Altersvorsorge, die sie heute zur wohlhabendsten Rentengeneration aller Zeiten in Deutschland gemacht hat, abgeschlossen hätten. Die Versicherungsvermittler erfüllen in diesem Bereich einen wichtigen sozialpolitischen Auftrag. Dieses sollte bei der Bewertung neuer digitaler Instrumente und Kanäle Berücksichtigung finden.</p>	
--	--	--	--

Question 8: Do you see the potential for the growth of open architecture models for the sale of IBIPs in the future and if so, in relation to which types of products?			
Polish Chamber of Insurance	Q8	No answer	
BETTER FINANCE	Q8	We do not have additional evidence at local level on insurtechs, but we echo the position of our German member association on the growth potential of insurtech: first, most life insurance companies in Germany offer pension products and IBIPs through online channels; second, there are other growing business models in the area of IBIPs and pensions, including a future independent player for the PEPP.	Noted
Irish Life Assurance PLC	Q8	<p>Overall, the Irish Life Group is supportive of an open insurance/architecture model which is appropriately regulated and monitored.</p> <p>We particularly support an open insurance model for certain data sets that are to the benefit of the customer and that would ease customer services (i.e. AML documentation or data that would facilitate a digital credential).</p> <p>The key lesson learnt from open banking is the need for standardisation of data sets. In the insurance sector, where there are myriads of differing types of insurers and products, standardisation will be key for open insurance to work properly. While implementing a standardised set of data across the industry will initially involve some expenditure it should decrease costs over the long term for both insurers and consumers wishing to transfer data.</p> <p>It is worth noting that the data held by insurers can contain much more sensitive information, than that of banking (i.e. medical histories etc.), and the associated risks must be carefully considered as part of any future policy proposals.</p>	Agreed. The text of the final advice has been updated to reflect the need for standardised data sets in order for open insurance to work effectively
Unipol Gruppo S.p.A.	Q8		
Dutch Association of Insurers	Q8		
France Assureurs (Fédération Française de l'Assurance)	Q8	The increasing connectivity of our society leads to an explosion of data production. Sharing this data allows different players to offer more innovative, personalized and tailored services. While open insurance has the potential to have a positive impact on consumers and insurers, the development of any data sharing framework will pose a	Noted and agreed that insurance data-sharing should not jeopardize the level of protection of consumers' personal data and their privacy

		<p>number of challenges, many of which will also depend on the exact scope of the framework. The implementation of any data sharing framework cannot be considered in the absence of a clear definition and scope and proper articulation with existing data protection and other regulations.</p> <p>Due to changing consumer habits (appetite for digitization, immediacy and personalization), insurers are aware of the coming wave of "APIsation", insurers agree with the benefits this could bring. Nevertheless, it is necessary to ensure that lessons are learned from Open Banking before any initiative is taken, particularly with regard to the specificities of the insurance sector. It is crucial to ensure that any new framework respects the characteristics and regulation of the insurance industry: consent, business confidentiality, portfolio volatility issues, financial stability issues for life insurance operators, data sharing objective. Insurance data sharing must not jeopardize the level of protection of consumers' personal data and their privacy, with an effective application of the guarantees provided by the GDPR (need for an explicit mandate held by any person collecting personal data, need to collect the data subject consent, right to portability, etc.).</p>	
Länsförsäkringar	Q8		
ASSORETI - Association of intermediaries which provide investment advice service through their network of qualified individual financial advisors.	Q8		
Insurance Ireland	Q8	<p>Insurance Ireland believes that, as the market grows, regulations must be proportionate and it is important that new entrants are on the same level playing field and the principle of "same activities, same risks, same rules" is maintained.</p> <p>Ultimately, regulation should be technology-neutral so that it does not influence the development of distribution channels. Providers who decide to offer a 100% digital model should be free to do so. In particular regard should be had to firms who deal</p>	Noted

		<p>with more sophisticated customers, who want the ability to invest in a wide range of asset types. In this instance an open architecture product could be a better product for the consumer rather than a vanilla-type IBIP with a limited range of asset links.</p> <p>More generally, we agree with Insurance Europe that any proposed framework should respect the features and complexities of the insurance sector.</p>	
BEUC, The European Consumer Organisation	Q8	N/A	
ANIA	Q8	<p>From our point of view, at present, the focus should be on promoting voluntary data-sharing solutions and the avoidance of market distortions. Beyond customers' data portability rights and situations of monopoly power, undertakings should be able to freely decide on data co-operations.</p> <p>For example, Insurers should freely consider whether to share their data with other providers, as this could impact their own industry rights unintentionally made accessible through a combination of different data sources. For the insurance sector, the data basis they have developed constitutes an important part of their business value.</p> <p>With mandatory data sharing, one concern is that substantial competitive disadvantages could result for insurers while non-insurance competitors could gain disproportionately. In particular, BigTechs like the GAFAs (Google, Amazon, Facebook, Apple) could expand their activities into the insurance sector and use existing data from their core business models without having to share data themselves.</p> <p>There is no doubt that an increased access to data generated by both public and private sectors could also provide the opportunity to increase innovation and competition in the insurance sector. However, the design of any future framework will determine its overall impact. Therefore, further elaboration of the exact scope and goals of such a framework, as well as more in-depth cost-benefit analyses, is needed.</p>	Agreed, the text of the advice has been updated to reflect the need for voluntary data-sharing solutions and protection of professional secrecy.
ACA	Q8		

Institut des actuaires (France)	Q8		
Spanish Banking Association	Q8		
Bundesarbeitsgemeinschaf t zur Förderung der Versicherungsmakler (BFV)	Q8		
Insurance Europe	Q8	<p>Promoting a data-driven financial sector is an important and valuable aim. For insurers, a greater availability of data could lead to improved risk monitoring and assessment, a better customer experience and increased fraud detection.</p> <p>Increased access to data generated by both public and private sectors could also provide the opportunity to increase innovation and competition in the insurance sector. The insurance industry is therefore supportive of efforts to facilitate appropriate data sharing.</p> <p>However, while open insurance has the potential to positively impact both consumers and insurers, the design of any future framework will determine its overall impact. Further elaboration of the exact scope and objectives of such a framework is therefore necessary. There are a number of challenges that will arise with the development of any data sharing framework, many of which would also be dependent upon the exact scope of the framework.</p> <p>It is vital, for example, that any framework takes account of the business model of insurers, in particular the data they use. The focus should be on ensuring any framework respects the features and complexities of the insurance sector. At the same time, it will be important to safeguard consumers' ownership of their data and to ensure that data sharing is consent-based. Consumers, as data subjects, should have absolute confidence in the security of their data and the right to determine to which services and under what conditions their personal data will be used. The purpose of the data sharing should also be clear.</p>	Noted

		<p>The IDD already provides a high standard of conduct rules. As new market entrants appear, it will be important to respect the principle of “same activities, same risks, same rules” between the different market players. Maintaining a true level playing field will be key to ensuring consumers enjoy the same level of protection regardless of which company they are dealing with and that there is a fair allocation of costs among the parties to ensure a balanced approach to the funding and development of any new infrastructure.</p> <p>We believe that the focus should be on promoting voluntary data-sharing solutions and avoiding any market distortions. In principle, beyond those rights already legally guaranteed companies should be able to decide freely how they handle their data co-operations. For example, insurers should not be required to share data with any other providers as this will exacerbate market dominance issues. The data basis already developed by insurers is an important part of their business value. Insurers should be able to protect this, rather than mandatory data-sharing with BigTechs and others looking to use this data to enter the market.</p>	
VOTUM Verband	Q8	<p>Offene Architekturen sind bei IBIPs in der Kapitalanlage auf dem deutschen Markt schon jetzt weit verbreitet, da auch Dachfonds verschiedener Fondsgesellschaften in die IBIPs eingebunden werden können. Eine besondere Regelung ist nicht erforderlich. Im Bereich der Risikoabsicherung machen offene Architekturen keinen Sinn, da die Verteilung der Risiken auf unterschiedliche Versicherer ineffizient wäre. Hohe Risiken werden teilweise auf Rückversicherer übertragen. Aus diesem Grund sehen wir für den deutschen Markt keine neuen Perspektiven aus offenen Architekturen.</p>	Noted
Austrian Federal Economic Chamber, Division Bank and Insurance	Q8	<p>Promoting a data-driven financial sector is an important and valuable aim. For insurers, a greater availability of data could lead to improved risk monitoring and assessment, a better customer experience and increased fraud detection.</p> <p>Increased access to data generated by both public and private sectors could also provide the opportunity to increase innovation and competition in the insurance sector. The insurance industry is therefore supportive of efforts to facilitate appropriate data sharing.</p>	Noted

	<p>However, while open insurance has the potential to positively impact both consumers and insurers, the design of any future framework will determine its overall impact. Further elaboration of the exact scope and objectives of such a framework is therefore necessary. There are a number of challenges that will arise with the development of any data sharing framework, many of which would also be dependent upon the exact scope of the framework.</p> <p>It is vital, for example, that any framework takes account of the business model of insurers, in particular the data they use. The focus should be on ensuring any framework respects the features and complexities of the insurance sector. At the same time, it will be important to safeguard consumers' ownership of their data and to ensure that data sharing is consent-based. Consumers, as data subjects, should have absolute confidence in the security of their data and the right to determine to which services and under what conditions their personal data will be used. The purpose of the data sharing should also be clear.</p> <p>The IDD already provides a high standard of conduct rules. As new market entrants appear, it will be important to respect the principle of "same activities, same risks, same rules" between the different market players. Maintaining a true level playing field will be key to ensuring consumers enjoy the same level of protection regardless of which company they are dealing with and that there is a fair allocation of costs among the parties to ensure a balanced approach to the funding and development of any new infrastructure.</p> <p>We believe that the focus should be on promoting voluntary data-sharing solutions and avoiding any market distortions. In principle, beyond those rights already legally guaranteed companies should be able to decide freely how they handle their data co-operations. For example, insurers should not be required to share data with any other providers as this will exacerbate market dominance issues. The data basis already developed by insurers is an important part of their business value. Insurers should be</p>	
--	--	--

		able to protect this, rather than mandatory data-sharing with BigTechs and others looking to use this data to enter the market.	
EIOPA IRSG	Q8	<p>There are advantages to move towards a data-driven financial sector in terms of risk monitoring and improving the consumer experience as well as mitigating fraud. However, there are many risks that will be difficult to mitigate in the short term. Scope and objectives of the use of open architecture need to be subject to a full impact assessment, before any regulation is introduced.</p> <p>Moreover, insurance is not banking and a copy/paste approach should be avoided, preserving the specificities of the sector and considering the business model of insurers, in particular the data that is required.</p> <p>Also, it is important to reiterate that IDD rules apply to online brokers, with monitored data protection.</p>	Noted
BIPAR	Q8	<p>To move towards a data-driven financial sector has many risks that will be difficult to mitigate in the short (and long) term. Scope and objectives of the use of open architecture need to be properly assessed before any regulation is introduced on the issue. This is crucial. Specificities of the insurance sector needs to be taken in to account. Insurance is not banking.</p> <p>The IDD is based on the (insurance distribution) activity and not on categories. Any “new” market participants (ex: InsurTech) carrying out an activity of insurance distribution as defined by the IDD (Article 2 (1) (1)) should fall under the scope of IDD. The IDD does not provide any definition of comparison websites, but the distribution of insurance products includes the activities carried out by comparison websites. Thus, entities performing the comparison can be qualified as insurance distributors, and they fall within the scope of the IDD.</p> <p>This makes the IDD futureproof, it ensures consumer protection and a level playing field between operators.</p>	Noted

	<p>The “cost” of data via social media should be studied by EIOPA. The business models of comparison websites in other sectors may give an indication of the possible risks related to “platforms” for example in terms of pricing or discrimination.</p> <p>When talking about “inducements” the business models of pure digitals should be studied as matter of priority and the application of the existing rules should be enforced (rather than giving priority to revising existing rules overall).</p> <p>Price-comparison websites may be at first sight efficient to compare standardised and/or commoditised products used by a very large number of the population – like basic bank accounts or credit cards – but the discussion about the importance of consumer financial education illustrates very well the importance of people talking to people in order to make the correct comparisons in insurance products or insurance products with an investment element.</p> <p>Pension trackers could be useful for objective information about the existing pension situation of a consumer for example when they allow every person to have access to a complete overview of his or her pension data (See also in this respect EIOPA’s recent consultation paper on pension trackers).</p> <p>This can trigger more awareness and better understanding of pensions (how savings behaviour can affect retirement income) and therefore more engagement, more planning from consumers on this issue. Such info can then be helpful also for intermediaries assisting the consumer to optimize the individual situation.</p> <p>As usefully explained by Professor Marano in his article on “Navigating InsurTech: The digital intermediaries of insurance products and customer protection in the EU”: The comparison of insurance products “through a website or other media” falls within the scope of the IDD “when the customer is able to directly or indirectly conclude an insurance contract using a website or other media”. This definition of insurance distribution includes both traditional comparison websites and the alternative models of comparison such as the price comparison apps for smartphones, and the data</p>	
--	---	--

		<p>analysar services. The IDD refers to websites and other media, without providing a definition of the latter media. This may lead to the conclusion that the IDD – intentionally or otherwise – provides for the non-exhaustive list of the technical and organisational measures by means of which distribution services will be rendered. Thus, the apps fall within the definition of insurance distribution as media allowing the customer to compare insurance products and, directly or indirectly, conclude an insurance contract.”</p> <p>He further concludes: “The main finding achieved is the capability of the current regulatory framework to deal with almost all the issues posed by the InsurTech when applied to indirect distribution, that is, distribution carried out by intermediaries, of insurance products. Although the EU discipline on the distribution of insurance products is still predominantly principle-based and of minimum harmonisation, the standards and principles introduced mainly by the IDD do not call for new rules”.</p> <p>The focus should be on the education of the distributor and the demands and needs of the consumer. The financial product that fits does not only depend upon the product itself but depends upon the situation and objectives of the consumer. Quality product disclosures (based upon POG) are key in this respect.</p> <p>Lastly, re open architecture models, it is interesting to refer here to the Swedish situation where the use of power of attorney is a well-established and functioning construction in the market. It enables intermediaries/advisors to access information on behalf of their clients. Digital platforms are available to all distributors for the management of power of attorneys for the life insurance and IBIPs market.</p>	
Assuralia	Q8	<p>Promoting a data-driven financial sector is an important and valuable aim. For insurers, a greater availability of data could lead to improved risk monitoring and assessment, a better customer experience and increased fraud detection. Assuralia is supportive of efforts to facilitate appropriate data sharing.</p> <p>However, while open insurance has the potential to positively impact both consumers and insurers, the design of any future framework will determine its overall impact.</p>	Noted

	<p>Further elaboration of the exact scope and objectives of such a framework is therefore necessary.</p> <p>Especially for the open insurance, potential benefits depend on the design of an open insurance framework. We believe that data sharing should generally be industry-led and based on voluntary agreements or in the framework of data partnerships. Any regulation on data sharing should focus on adapting the framework conditions for data collaboration and data partnerships, i.e. to facilitate voluntary data sharing. Players in the insurance market are very diverse in terms of distribution model. Therefore, they must be able to decide for themselves whether data sharing with third parties can yield benefits and according to which modalities. Companies should be allowed to view this freely from their business model, and if necessary, set up partnerships on a voluntary basis, if they have a business model for this</p> <p>There are a number of challenges that will arise with the development of any data sharing framework, many of which would also be dependent upon the exact scope of the framework.</p> <p>It is vital, for example, that any framework takes account of the business model of insurers, in particular the data they use. There is a need to ensure a framework which respects the features and complexities of the insurance sector. At the same time, it will be important to safeguard consumers' ownership of their data and to ensure that data sharing is consent-based. Consumers, as data subjects, should have absolute confidence in the security of their data and the right to determine to which services and under what conditions their personal data will be used. The purpose of the data sharing should also be clear.</p> <p>Data that is solely generic (i.e. data that a policyholder provided to the insurance company like date of birth, address, mobile phone number, etc., answers to the suitability test) and at the individual level (provided by a legal person, for only a legal person) could be covered by any possible future open insurance framework, provided that this is done in full compliance with all applicable data protection rules.</p>	
--	---	--

		<p>But insurers should not be obliged to share any proprietary data that they have generated and analysed (e.g. internally modelled, enriched) themselves, and which is the outcome of their own work, such as risk profiles or underwriting & claims performance models.</p> <p>In the case of IBIPs, we should make a difference between the data provided by the customer in the suitability assessment (generic data) and the results/analysis of the data of the suitability assessment made by the insurer (generated data). As such, it represents a competitive advantage and should be seen in the context of an insurer's portfolio, which differs from one insurer to another.</p> <p>For Assuralia, it will be important to respect the principle of "same activities, same risks, same rules" between the different market players. Maintaining a true level playing field will be key to ensuring:</p> <ul style="list-style-type: none"> - Consumers enjoy the same level of protection regardless of which company they are dealing with. - A fair allocation of costs among the parties to ensure a balanced approach to the funding and development of any new infrastructure. <p>Further consideration and on-going discussion between the industry and policymakers will be crucial in finding an optimal and balanced solution for consumers, insurers and their supervisors. Moreover, online activities should respect the same rules as on IDD.</p>	
Italian Banking Association	Q8	<p>On the other hand, we have to point out that the approach adopted by the Italian legislation to extend the MiFID II provisions on inducements to the distribution of IBIPs has started affecting the range of IBIPs distributed along with investment advice. In fact, Article 11(2)(a-c) of the MiFID II Delegated Directive:</p> <ul style="list-style-type: none"> • lays down the conditions to be met in order for inducements to be considered to be designed to enhance the quality of the relevant service to the client; 	Noted

		<ul style="list-style-type: none"> • in view of this it envisages, inter alia, the provision of non-independent advice on and access to a wide range of suitable financial instruments, including an appropriate number of instruments from non-affiliated third party providers. <p>Having said that, as far as it regards the Italian market, we point out that:</p> <ul style="list-style-type: none"> • any channel would in any case be required to distribute complex IBIPs through investment advice; • robot for advisors can support the activity of human resources providing investment advice; • omnichannel retail investors can get positive benefits in case they are provided with investment advice by their relationship manager who is supported by robot for advisor tools. At the same time, full digital customers can get positive benefit if they are given financial advice by Robot Advisor means; <ul style="list-style-type: none"> • in the Guidelines on certain aspects of MiFID II suitability requirements issued in 2018, ESMA aimed, inter alia, at considering recent technological developments of the advisory market, i.e. the increasing use of automated or semi-automated systems for the provision of investment advice or portfolio management (i.e. ‘robo-advice’). In this regard, the Authority expressed a fundamental “neutrality principle: these guidelines therefore apply to all firms offering the service of investment advice, irrespective of the format used for the provision of these services, i.e. the means of interaction with clients. 	
<p>AGEA (French association of general insurance agents)</p>	<p>Q8</p>	<p>General insurance agents, who are specialized in IBIPs do not notice any customer demand for open architecture products. We may recall that the annual volume of arbitration requests on life insurance contracts is very low (less than one a year per contract).</p> <p>This type of product is fit for well-informed client, with experience in financial investments and able to make his own decisions. Moreover, to date, French policyholders do not manage their contract directly and are reluctant to take financial risk. It is therefore necessary to approach this issue with caution.</p>	<p>Noted re lack of demand for open architecture products</p>

		Finally, the following question arises: in reality, do open-architecture products create the conditions for additional fees to be charged by third-party managers on whom customers may rely?...	
ANASF	Q8	Nowadays, we consider such provision unrealistic. Open architecture placement is truly complex for IBIPs, also due to national legislation.	Noted
Austrian Insurance Association (VVO)	Q8	<p>Promoting a data-driven financial sector is an important and valuable aim. For insurers, a greater availability of data could lead to improved risk monitoring and assessment, a better customer experience and increased fraud detection.</p> <p>Increased access to data generated by both public and private sectors could also provide the opportunity to increase innovation and competition in the insurance sector. The insurance industry is therefore supportive of efforts to facilitate appropriate data sharing.</p> <p>However, while open insurance has the potential to positively impact both consumers and insurers, the design of any future framework will determine its overall impact. Further elaboration of the exact scope and objectives of such a framework is therefore necessary. There are a number of challenges that will arise with the development of any data sharing framework, many of which would also be dependent upon the exact scope of the framework.</p> <p>It is vital, for example, that any framework takes account of the business model of insurers, in particular the data they use. The focus should be on ensuring any framework respects the features and complexities of the insurance sector. At the same time, it will be important to safeguard consumers' ownership of their data and to ensure that data sharing is consent-based. Consumers, as data subjects, should have absolute confidence in the security of their data and the right to determine to which services and under what conditions their personal data will be used. The purpose of the data sharing should also be clear.</p> <p>The IDD already provides a high standard of conduct rules. As new market entrants</p>	Noted

		<p>appear, it will be important to respect the principle of “same activities, same risks, same rules” between the different market players. Maintaining a true level playing field will be key to ensuring consumers enjoy the same level of protection regardless of which company they are dealing with and that there is a fair allocation of costs among the parties to ensure a balanced approach to the funding and development of any new infrastructure.</p> <p>We believe that the focus should be on promoting voluntary data-sharing solutions and avoiding any market distortions. In principle, beyond those rights already legally guaranteed companies should be able to decide freely how they handle their data co-operations. For example, insurers should not be required to share data with any other providers as this will exacerbate market dominance issues. The data basis already developed by insurers is an important part of their business value. Insurers should be able to protect this, rather than mandatory data-sharing with BigTechs and others looking to use this data to enter the market.</p>	
<p>Bund der Versicherten (BdV - German Association of Insured)</p>	<p>Q8</p>	<p>We do not have any additional empirical data on the potential growth of insurtechs linked to the sale of IBIPs (cf. our comment on Q 7), but we can make the following two assessments:</p> <ul style="list-style-type: none"> • The Berlin based insurtech VANTIK will offer PEPP as soon as they are available on the German market. Its founder, Til Klein, was member of EIOPA's Expert Group on PEPP in 2020/21. Website: vantik.com • Nearly all German life insurers offer their IBIPs and pension products via online contract conclusion. Allianz for ex. has even created an own specialized sub-company for offering its latest pension product only via a website: allvest.de <p>So it is quite obvious that independently if offered by an insurtech or by a website of the insurer itself, the online distribution channels for IBIPs and pension products are supported and growing.</p> <p>In Q7 we have listed some online brokers in Germany who offer insurances (some of</p>	<p>Noted and the market examples provided are appreciated</p>

		<p>them offering other products and services as well). There are two major problems linked to these brokers. First often they do not fully disclose how important is the market percentage of the companies they include in their comparisons with regard to the entire insurance market in a special sector. There are even examples that these brokers exclude insurance companies, if these companies do not accept the commission rate the brokers want to receive for any contract intermediation. The second problem is that this kind of "kick back" commissions are usually not fully disclosed to the customers, so in fact it is not clear at all what is the total sum of commissions or other inducements which are charged for any contract conclusion. There had already been several judicial proceedings on these issues between insurers and these online brokers like between HUK-Coburg and Check24.</p>	
Fédération Bancaire Française	Q8	<p>There may be potential for growth in open architecture for the sale of IBIPs, but this depends on the intentions of distributors/intermediaries, on their development strategy and on their clients' profiles.</p> <p>Open architecture models are not the only solution for all distributors and customers and poses certain risks, as identified by EIOPA (for instance, personal health data which are often requested from loan borrowers are very sensitive and might be leaked in case of data theft, see paragraph 107 and following of the Consultation paper).</p> <p>As it is essential to distribute insurance contracts with advice (it is a legal obligation in France), consumers will always be inclined to subscribe to contracts that their advisors know well, in a close relationship with them.</p>	Noted and agreed regarding possible risks for customers
Gesamtverband der Deutschen Versicherungswirtschaft e. V.	Q8	<p>We see the potential of growing sales via open architecture models and digital ecosystems for all kinds of IBIPs. Today, there are already many co-operations, e.g., between insurers and banks, that strive at providing seamless and enhanced offerings for customers by sharing available data. In our view, the most important contribution to promoting data-driven innovation lies in reducing existing legal obstacles and legal uncertainties (e.g., in data protection law). However, future market developments are difficult to predict as they depend on a multitude of influencing factors. Future distribution approaches will be heavily dependent on consumer preferences.</p>	Agreed. The text of the advice has been updated to reflect the need for voluntary data-sharing solutions and protection of professional secrecy.

		<p>We mainly agree with EIOPA's thoughts regarding opening the insurance value chain in No. 102 ff. of the consultation paper. However, we advise a measured approach in opening value chains that take account of both benefits and costs/risks and the impact on competition and a level playing field between providers. From our point of view, the focus should be on promoting voluntary data-sharing solutions and the avoidance of market distortions. Beyond customers' data portability rights and situations of monopoly power, undertakings should be able to freely decide on data co-operations. E.g., Insurers shall not be required to share their data with other providers, as this could affect business secrets and differentiation from competitors and would, therefore among others, reduce innovation incentives. For example, market dominance issues could be aggravated, or business secrets could be unintentionally made accessible via a combination of different data sources. For incumbent insurers, the data basis they have developed constitutes an important part of their business value. With mandatory data sharing, one concern is that substantial competitive disadvantages could result for incumbent insurers while non-insurance competitors could gain disproportionately. In particular, BigTechs like the GAFAs (Google Amazon, Facebook Apple) could expand their activities into the insurance sector and use existing data from their core business models without having to share data themselves.</p> <p>Moreover, in our view, policy switching services for often highly personalized long-term products such as IBIPs are of much less importance than for short-term products where provider changes are much more frequent. IBIPs are made for long holding periods. Extensive switching could come along with disadvantages for the customer e.g., lower guaranteed interest rates, or poorer biometric parameters due to changed entry age or health status.</p>	
ING Bank NV	Q8	Yes, having the ability to provide a consolidated financial wealth and investment portfolio overview would be highly beneficial for clients. An example for this is qfinr.com where you can consolidate your investments but also plan for your retirement goals. In an ideal world a customer should be able to place their IBIPs	Noted and thank you for providing the specific market example.

		alongside savings and other retail investments products in order to make well informed decisions and getting assistance in making these decisions.	
Bundesverband Deutscher Vermögensberater	Q8	Offene Architekturen sind bei IBIPs in der Kapitalanlage auf dem deutschen Markt bereits weit verbreitet, da auch Dachfonds verschiedener Fondsgesellschaften in die IBIPs eingebunden werden können. Eine besondere Regelung ist nicht erforderlich. Im Bereich der Risikoabsicherung machen offene Architekturen jedoch keinen Sinn, da die Verteilung der Risiken auf unterschiedliche Versicherer ineffizient wäre. Hohe Risiken werden teilweise auf Rückversicherer übertragen. Insoweit sehen wir für den deutschen Markt keine neuen Perspektiven durch offene Architekturen.	Noted
Actuarial Association of Europe	Q8		
Die Deutsche Kreditwirtschaft	Q8		
Allianz SE	Q8	Allianz sees the potential for the growth of open architecture models for the sale of IBIPs, provided that they are on voluntary basis, led by business-driven use cases. Consumers must remain in control of their data and any sharing of data should be consent-based. Specifically in insurance, Allianz would be critical of compulsory open finance approaches (i.e. sharing the data held by insurers with 3rd party service providers) as they would likely strengthen the role of intermediaries and aggregators. This could lead to an increase in distribution costs to the detriment of consumers.	Agreed. The final advice has been updated to reflect the need for voluntary data-sharing practices
FECIF	Q8	See answer to question 7.	
Sparbanken Skåne AB (publ)	Q8	Yes, we are positive to this, for example concerning occupational pensions	Noted
VOTUM Verband	Q8	See answer to question 7.	
Polish Chamber of Insurance	Q8	No answer	

<p>BETTER FINANCE</p>	<p>Q8</p>	<p>In general, BETTER FINANCE agrees with the risks identified by EIOPA, but we wish to draw the attention also to the conclusions of the High Level Forum on the Future of the Capital Markets Union concerning Open Finance and to the fact that, particularly in the insurance industry, facilitating data exchange may pave the way to first or second degree price discrimination.</p> <p>In our view, the first issue that must be tackled in opening access to data consumer data is enabling a real choice for consumers to agree or refuse. Given that insurances are, in most cases, legal obligations, concluding an insurance contract inherits the nature of an essential service for consumers. Thus, if an insurance intermediary subjects the conclusion of the insurance contract on the client's consent on data processing, that consumer no longer has a real, free (or unconstrained) choice on data processing.</p> <p>Second, opening access to data must be subject to a levy on the insurance industry to enable EIOPA and national insurance supervisors to expand their resources and adequately police practices that arise from a potential wave of data exchange. Given that insurance premiums are based on actuarial calculations, which heavily rely on data and information as statistical series, we believe that the highest risk of misuse and consumer detriment in open finance arises in the insurance industry, most notably via the potential first or second degree price discrimination for prospective policyholders.</p> <p>Third, insurers must be obliged to be very transparent and upfront on how the data of consumers is used and if revenues are made from processing this data.</p> <p>Last, open access must be strictly coordinated with the regulatory framework of the GDPR and in consultation with the European Data Protection Authority.</p> <p>In spite of potential benefits that open access to data can bring, as it happened in the banking sector with payment services, we advise EIOPA to carefully examine a</p>	<p>Agreed, the text of the final advice has been adjusted to reflect the need for the customer to have a real, free (or unconstrained) choice on data processing</p> <p>Based on the scope of the COM's Request for Advice, EIOPA is not in a position to make proposals for imposing levies on financial market participants as this is currently a matter of national competence for NCAs.</p>
-----------------------	-----------	---	--

		framework for open data that enables safety by design for consumers: prevention, rather than resolution, of consumer detriment is key in this field.	
Irish Life Assurance PLC	Q8		
Unipol Gruppo S.p.A.	Q8		
Dutch Association of Insurers	Q8		
France Assureurs (Fédération Française de l'Assurance)	Q8	<p>France Assureurs agrees with EIOPA's risk analysis, while the use of digital platforms is a source of opportunities for the distribution of insurance products, it can also present risks especially if the new distributors are not subject to the same regulation as insurers. It is crucial to ensure that new players respect the "same activities, same risks, same rules" principle.</p> <p>As the main risks depend on the future regulatory framework, it seems crucial to adopt a cautious and evolutionary approach in order to limit the potential risks and ensure a high level of consumer protection and a level playing field for the different players.</p> <p>Furthermore, the development of online product distribution raises the issue of advice and information. Information requirements need to be adapted to the digital age both in terms of content (providing the right comprehensive information) and accessibility for all.</p>	Noted
Länsförsäkringar	Q8		
ASSORETI - Association of intermediaries which provide investment advice service through their network of qualified individual financial advisors.	Q8	<p>In the home insurance activity carried out by insurance companies, customers can give provision, relating to IBIPs, directly to the insurance company, including any further and additional payment, redemption and switch.</p> <p>In this context, we would like to underline the need to ensure the necessary coordination between the regulation of the home insurance activity and the regulation of the distributing and advising services, in the aim of allowing the distributor to be fully and promptly informed about the provisions eventually given by the customers directly to the insurance company and thus to be placed in a position to keep on providing suitable recommendations, as part of the advisory relationship</p>	Noted

		existing with the client	
Insurance Ireland	Q8	We agree with EIOPA and Insurance Europe that risks do exist if distributors are not subjected to the same level of regulation and supervision as insurers. It is vital that information requirements are adapted to the digital age to mitigate these risks. In Ireland, IBIPs are generally only distributed through intermediaries.	Noted re need for a level playing field
BEUC, The European Consumer Organisation	Q8	N/A	
ANIA	Q8	<p>We agree with EIOPA's analysis of the potential types of risks particularly if new distributors are not subject to the same stringent levels of regulation and supervision as insurers.</p> <p>It is vital that information requirements are adapted to the digital age to mitigate the risks identified by EIOPA, as well as it is advisable to not just look at what information is provided but at its accessibility and prominence as well.</p> <p>We believe that not all the potential risks identified by EIOPA should be regarded as risks. For example, risk-based pricing and the search for enhanced risk assessment are integral to private insurance markets. An important aim of this search is to acquire new customers by extending insurability.</p> <p>Also, we believe it is natural and not a "risk" that developing costs of successful solutions ultimately have to be borne by the customer: effective competition (including between innovative and more traditional offers) ensures that customers get good value for their money.</p>	Noted and agreed re benefits of risk-based pricing and the search for enhanced risk assessment to extend insurability and that this can contribute to enhanced financial inclusion
ACA	Q8		
Institut des actuaires (France)	Q8		

<p>Spanish Banking Association</p>	<p>Q8</p>	<p>EIOPA has captured the key risks posed by the further development of diverse distribution channels. The risks and benefits of open insurance will ultimately depend on the specifics of the regulatory framework. With a careful and evolutionary approach in regulation and supervision, potential risks can be kept low compared to extensive and potentially disruptive impact of forced regulatory changes. In general, there is already a comprehensive regulatory framework that encompasses innovative market solutions and limits many of the risks mentioned for consumers and undertakings. Applying the existing IDD framework to all market players on a same activity same rules basis is the best way forward.</p> <p>Without an assertive approach to counter market dominance and ensuring a level playing field for providers, strong network effects could occur from platform and eco-system based distribution models, limiting access to customers to a few market participants (“winners take almost “). This is a well-known issue that is in the process of being addressed already, e.g., under the Digital Services Act, Digital Markets Act, and the Regulation on Fairness and Transparency for Business Users of Online Intermediary Services, but is important to also note it in the context of the Retail Investment Strategy (RIS).</p> <p>Some of the issues identified by EIOPA are not inherently risks. For example, risk-based pricing and the search for enhanced risk assessment are integral to private insurance markets. An important aim of this search is to acquire new customers by extending insurability, which is the opposite to exclusion. Therefore, we do not see the risk of financial exclusion. On the contrary, enhanced data use could well contribute to financial inclusion, by identifying and closing insurance gaps or improved insurability. We are also not convinced that passing on of development costs to consumers is a ‘risk’ as such. Consumers will see the benefits of the emergence of new systems but it is natural that this comes with a cost. Effective competition in the market will ensure consumers do not face unreasonable costs.</p> <p>As EIOPA correctly points out, another important risk would be the increase of “execution-only” sales. The Swedish example in Annex IV illustrates, that an increasing</p>	<p>Noted and agreed re benefits of risk-based pricing and the search for enhanced risk assessment to extend insurability and that this can contribute to enhanced financial inclusion</p>
------------------------------------	-----------	--	---

		number of companies are carrying out digital sales by simply offering execution-only solutions. There is an added value for many consumers in accessing advice and they benefit from consulting well-qualified and trained advisors. Fostering "execution-only" sales would come with the risk of advice gaps which could lead to adverse financial decisions.	
Bundesarbeitsgemeinschaft zur Förderung der Versicherungsmakler (BFV)	Q8		
Insurance Europe	Q8	<p>Yes, EIOPA has captured the key risks posed by the further development of diverse distribution channels. The risks and benefits of open insurance will ultimately depend on the specifics of the regulatory framework. With a careful and evolutionary approach in regulation and supervision, potential risks can be kept low compared to extensive and potentially disruptive impact of forced regulatory changes. In general, there is already a comprehensive regulatory framework that encompasses innovative market solutions and limits many of the risks mentioned for consumers and undertakings. Applying the existing IDD framework to all market players on a same activity same rules basis is the best way forward.</p> <p>Without an assertive approach to counter market dominance and ensuring a level playing field for providers, strong network effects could occur from platform and ecosystem based distribution models, limiting access to customers to a few market participants ("winners take most"). This is a well-known issue that is in the process of being addressed already, e.g., under the Digital Services Act, Digital Markets Act, and the Regulation on Fairness and Transparency for Business Users of Online Intermediary Services but is important to also note in the context of the RIS.</p> <p>We would also like to note that some of the issues identified by EIOPA are not inherently risks. For example, risk-based pricing and the search for enhanced risk assessment are integral to private insurance markets. An important aim of this search is to acquire new customers by extending insurability, which is the opposite to exclusion. Therefore, we do not see the risk of financial exclusion. On the contrary, enhanced data use could well contribute to financial inclusion, by identifying and</p>	Noted and agreed re benefits of risk-based pricing and the search for enhanced risk assessment to extend insurability and that this can contribute to enhanced financial inclusion

		<p>closing insurance gaps or improved insurability. We are also not convinced that passing on of development costs to consumers is a ‘risk’ as such. Consumers will see the benefits of the emergence of new systems but it is natural that this comes with a cost. Effective competition in the market will ensure consumers do not face unreasonable costs</p>	
VOTUM Verband	Q8	<p>Siehe insbesondere Antwort auf Frage 7. Wir teilen die Auffassung von EIOPA. Nach unserer Einschätzung besteht das Hauptrisiko eines rein digitalen Angebotes ohne Beratung darin, dass Kunden IBIPs kaufen, ohne deren Funktionsweise und deren Risikopotentiale verstanden zu haben. Das kann zu völlig falschen Entscheidungen und Erwartungen führen.</p>	Noted
Austrian Federal Economic Chamber, Division Bank and Insurance	Q8	<p>Yes, EIOPA has captured the key risks posed by the further development of diverse distribution channels. The risks and benefits of open insurance will ultimately depend on the specifics of the regulatory framework. With a careful and evolutionary approach in regulation and supervision, potential risks can be kept low compared to extensive and potentially disruptive impact of forced regulatory changes. In general, there is already a comprehensive regulatory framework that encompasses innovative market solutions and limits many of the risks mentioned for consumers and undertakings. Applying the existing IDD framework to all market players on a same activity same rules basis is the best way forward.</p> <p>Without an assertive approach to counter market dominance and ensuring a level playing field for providers, strong network effects could occur from platform and eco-system based distribution models, limiting access to customers to a few market participants (“winners take almost”). This is a well-known issue that is in the process of being addressed already, e.g., under the Digital Services Act, Digital Markets Act, and the Regulation on Fairness and Transparency for Business Users of Online Intermediary Services but is important to also note in the context of the RIS.</p> <p>We would also like to note that the some of the issues identified by EIOPA are not inherently risks. For example, risk-based pricing and the search for enhanced risk assessment are integral to private insurance markets. An important aim of this search</p>	Noted

		<p>is to acquire new customers by extending insurability, which is the opposite to exclusion. Therefore, we do not see the risk of financial exclusion. On the contrary, enhanced data use could well contribute to financial inclusion, by identifying and closing insurance gaps or improved insurability. We are also not convinced that passing on of development costs to consumers is a ‘risk’ as such. Consumers will see the benefits of the emergence of new systems but it is natural that this comes with a cost. Effective competition in the market will ensure consumers do not face unreasonable costs</p>	
<p>EIOPA IRSG</p>	<p>Q8</p>	<p>The IRSG believes that the assessment was quite comprehensive and have not identified any additional risks not covered by the paper.</p> <p>However, some members have expressed that is key is to have a technology-neutral framework (no technique or approach may be favoured over the other by regulators). Too much detail with regards to “how” would possibly create legal uncertainty or unlevel playing fields. Different disclosure requirements for digital versus non-digital channels have to be avoided. These are not two separate worlds. Insurance professionals combine digital and non-digital channels (digital) and the regulatory framework has to introduce the digital format on the same level as the paper format. A pdf and email can be as efficient in terms of information efficiency as more sophisticated digital tools.</p> <p>Other members noted the typical risks connected with powerful intermediaries (such as customer churning, aggressive marketing strategies, misleading consumers with headline prices and lack of information on the fact that only a limited number of providers are typically on comparison portals) would further increase, turning them into gatekeepers, with negative consequences for the market, competition, business and end users.</p>	<p>Noted and the aspects relating to disclosure documents are included in the section on “Consumer Disclosures”</p>

BIPAR	Q8	<p>Comparison portals can only reflect the comparison between products, this does not give answers to the question in how far a product is adapted to the demands and needs of a consumer in specific situation. There is the risk of consumers buying the wrong products.</p> <p>Furthermore, there is a serious risk that comparison websites only focus on the lowest possible price. This leads consumers not to focus on the adequate products that they really need. This is well explained in EIOPA report on “Good Practices on Comparison Websites” published in 2014 and in a 2019 article by Professor Marano on “Navigating InsurTech: The digital intermediaries of insurance products and customer protection in the EU” : Customers tend to over-rely on the price of products, rather than the underlying terms and conditions. Such a representation to the customer is misleading. The premium to be paid to the insurer is normally the result of the underlying terms and condition of the product because they regulate the ‘amount’ of risk actually transferred to the insurance undertaking. The lower the premium is, the less the risk underwritten by the insurer is”.</p> <p>What is key is to have a technology neutral framework (no technique or approach may be favoured over the other by regulators). Different disclosure requirements for digital versus non-digital channels have to be avoided. These are not two separate worlds. Insurance professionals combine digital and non-digital channels (fygital) and the regulatory framework has to introduce the digital format on the same level as the paper format. A pdf and email can be as efficient in terms of information as more sophisticated digital tools.</p> <p>Retail investors who are less at ease with new technologies however, may continue to prefer paper-based information. Smartphone formats are possibly less desirable for certain important investment decisions. Digital, non-digital, human factors are for the moment interacting with one another. We are in a hybrid mixed situation.</p> <p>The IDD is activity-based. The scope and distribution rules of IDD have to be as wide as possible. Within the context of consumer protection, it is important that online</p>	Noted
-------	----	---	-------

		platforms (including third party ownerships) fall into the scope and therefore need to follow the rules (product knowledge, education, information requirements, suitability-test, conflict of interest rules, inducement rules,...) and are supervised.	
Assuralia	Q8	<p>Assuralia agrees with EIOPA's analysis of the potential risks particularly if new distributors are not subject to the same stringent levels of regulation and supervision as insurers. We also underline that the execution only is not permitted for insurers in Belgium, which is not the case for banks for e.g., which raise concerns on the unlevel playing field for insurers. It is vital that information requirements are adapted to the digital age to mitigate the risks identified by EIOPA. Besides, further look should be given to the accessibility and prominence of information.</p> <p>Especially for the Open Insurance, potential risks for the industry very much depend on the design of an open insurance framework. In all circumstances, the following risks need to be taken into account:</p> <ul style="list-style-type: none"> -Increased cost of regulatory compliance: Both in form of direct costs, e.g. administration, and indirect costs, e.g. lost opportunity cost. -Trade secrets: if trade secrets are widely distributed, due to data sharing, this could undermine risk understanding of the industry. -Risks relating to data privacy and data security, e.g. <ul style="list-style-type: none"> - Not knowing who accesses what data: With increasing number of access points and authentications methods, there is a risk that insurers will simply not know who accesses what data, with the associated compliance issues this trigger (e.g. breaching GDPR, EIOPA's Guidelines on ICT). - Increased data security/privacy risks: If regulations are inadequate in terms of logical security (e.g. as with PSD2), it is unreasonable that industry players should be held liable for any data breaches/misuses. PSD2, induces risk to incumbents in this area, in terms of ASPSP's potentially being liable for Third party providers' GDPR data breaches. <p>We should also keep in mind that if insurers are forced to open all of their data, this may decrease the amount of development that insurers are willing to do, as the</p>	Noted and agreed. The text of the advice has been adjusted to reflect the need for voluntary data-sharing solutions and protection of professional secrecy

		results of their investment will have to be shared with everyone – as seen in banking, due to unintended side-effects of PSD2.	
Italian Banking Association	Q8	<p>We consider of outmost importance ensuring a level playing field between insurance intermediaries and unregulated entities which can provide any kind of information related to IBIPs.</p> <p>In particular, we believe that the fundamental principles of:</p> <ul style="list-style-type: none"> • technology-neutrality, and • level playing field among different entities which provide investment services and/or which convey through digital channel information subject to the regulatory framework established under IDD and PRIIPs should continue to be applied. <p>Supervisory Authorities should be empowered to ensure that the conducts and activities in the marketplace are implemented in line with investor protection and information transparency.</p> <p>Moreover, we believe that a particular attention should be paid to social networks, also those not related specifically to finance, insurance and investment, which are increasingly used to convey information regarding IBIPs. They should be subject to the same rules which apply to insurance intermediaries.</p> <p>Lastly, we observe that benefits of an Open Finance approach are as diverse as allowing consumers to have a complete view of their arrangements, allowing them to understand and optimize their overall financial situation if they refer to multiple intermediaries.</p> <p>Analysing open data set will also enable financial services provider to predict future customer behaviour and needs while offering tailored and appropriate products and services, improving in this way a correct match between supply and demand. The new data eco-system offers precious opportunities as it enables to gain insights through new data sources, helping to create a more comprehensive picture of the customers’</p>	Noted and agreed re potential risks and benefits of open insurance

		<p>financial situation.</p> <p>Moreover, the adoption of Open Finance models could also improve the development of semi-automated solutions, e.g. Robo-for-Advice and Robo-Advice. The success of those solutions that use AI is often directly proportional to the number of available data and the completeness of the processed information.</p> <p>The main risks of implementing an open finance policy involve sharing of financial and insurance data among different players beyond the financial and insurance sector, because these players are not regulated and not subject to the supervision of a competent authority. In particular, risks are related to security, confidentiality and privacy.</p> <p>Valuable opportunities for data-driven innovation in the financial and insurance sector will come from reusing and combining data, particularly across sectors and different market participants, including the public sector. Open Finance must therefore be considered in the broader context of an Open Data Economy, where users – consumers and businesses – are at the centre, and are given the tools to decide when, with whom and for what purpose to share their data held by different sectors. A sound user-centric, cross-sectoral data sharing framework should be discussed in parallel or even before considering any further initiatives for financial and insurance sector.</p>	
<p>AGEA (French association of general insurance agents)</p>	<p>Q8</p>	<p>The risks which we identified are the risks related to remote distribution via digital platforms (see Q7) which include potential fraud facilitated by the digital context.</p> <p>An example of difficulties that may be encountered can be reported in the case of mixed distribution channels: the subscription is carried out by an agent who ensures the suitability of the product for a modest amount, but the policyholder has the possibility to modify on his own, via the online “customer area” interface, the amount of his investment. For instance, the policyholder may invest a large amount after the subscription. Consequently, the exposure to financial risk is completely modified. This situation tends to demonstrate the need for the policyholder to be accompanied at</p>	<p>Noted and appreciate the useful examples of specific market practices</p>

		<p>each important stage of the contract.</p> <p>An issue may be pointed out concerning the practice of commercial prospects emanating from quotations drawn up online and sent to multiple distributors. Indeed, depending on the reactivity of the distributor who will contact the potential customer and provide the product, the client may not have access to the same quality of information, advice and support.</p>	
ANASF	Q8	<p>There are several potential risks. While it is true that by means of automated devices, investors can potentially access a wide range of products, nonetheless, this remark omits that such an inflated offer may be disruptive. In the field of financial/insurance advisory the real milestone is the suitability assessment: scores of products may be thought to be suitable for each investor, this is the reason why human intervention is needed.</p> <p>Information gaps and the inability to seek clarifications is a significant risk, especially considering the lack of financial/insurance literacy among EU citizens. It is undeniable that the tool, based on an algorithm, can have biases, with potential repercussions on end users.</p> <p>Without proper assessment and human support it is difficult, if not impossible, that the individual investor can realize it. The input of personal data may be requested by the platforms for their business, as a consequence of specific agreements/links with other market participants particularly interested in the profiles of all registered users. The algorithms underlying automated devices require specific fully-fledged controls to ensure investor protection: for instance, there exists the risk that algorithms are devised so as to favour the distribution of products which entail more revenues for distribution platforms, at the expense of investors' best interests. Supervisors shall also consider the variables underlying the algorithms: different algorithms may obviously have different underlying variables. Furthermore, adding or omitting a single variable may pave the way for unintended and unforeseeable consequences, especially without human support.</p>	Noted

		<p>Automated devices may entice investors to rush into inputting data without properly reading pre-contractual information. It is evident that haste does not support thoughtful choices, with the risk that the user can make thoughtless operations.</p> <p>There is also the risk that all the investors with similar profiles will be always recommended to buy the same products, causing detriment to the quality of service and the scope of markets.</p> <p>Finally, we believe that client profiling using a mere algorithmic application with automatic response, devoid of an objective assessment, would involve the risk of a kind of self-profiling by the user that, by trial, may complete the automated procedure, in order to obtain a specific product, without an effective evaluation of the suitability of the choice. In short, investors may repeatedly respond to the various questions in the profiling tests until they get the desired profile (probably unsuitable) depending on the products they wish to buy.</p> <p>It is necessary to consider that the investor’s financial/insurance situation and needs change over time. In fact, platforms may not provide for any form of engagement and periodic evaluation of the advice given, or alerts that inform the investors of possible significant changes in market conditions. Instead, the constant human relationship developed with an advisor, allows the clients to change/update their investment decisions following the course of their lives and that of their families, as well as market developments.</p>	
Austrian Insurance Association (VVO)	Q8	<p>Yes, EIOPA has captured the key risks posed by the further development of diverse distribution channels. The risks and benefits of open insurance will ultimately depend on the specifics of the regulatory framework. With a careful and evolutionary approach in regulation and supervision, potential risks can be kept low compared to extensive and potentially disruptive impact of forced regulatory changes. In general, there is already a comprehensive regulatory framework that encompasses innovative market solutions and limits many of the risks mentioned for consumers and undertakings. Applying the existing IDD framework to all market players on a same activity same rules basis is the best way forward.</p>	Noted

		<p>Without an assertive approach to counter market dominance and ensuring a level playing field for providers, strong network effects could occur from platform and eco-system based distribution models, limiting access to customers to a few market participants (“winners take almost”). This is a well-known issue that is in the process of being addressed already, e.g., under the Digital Services Act, Digital Markets Act, and the Regulation on Fairness and Transparency for Business Users of Online Intermediary Services but is important to also note in the context of the RIS.</p> <p>We would also like to note that the some of the issues identified by EIOPA are not inherently risks. For example, risk-based pricing and the search for enhanced risk assessment are integral to private insurance markets. An important aim of this search is to acquire new customers by extending insurability, which is the opposite to exclusion. Therefore, we do not see the risk of financial exclusion. On the contrary, enhanced data use could well contribute to financial inclusion, by identifying and closing insurance gaps or improved insurability. We are also not convinced that passing on of development costs to consumers is a ‘risk’ as such. Consumers will see the benefits of the emergence of new systems but it is natural that this comes with a cost. Effective competition in the market will ensure consumers do not face unreasonable costs.</p>	
<p>Bund der Versicherten (BdV - German Association of Insured)</p>	<p>Q8</p>	<p>Yes, we agree (especially no. 101, p. 36, and no. 107, p. 38 of CP). Particularly with regard to "more granular consumer data combined with AI" we stress the following concern: In principle it is possible that "usage-based insurances" may result in a stronger segmentation of customers in a positive way. Telematics-based motor insurances especially for beginners may sanction the risk-averse way of driving by a decrease of premiums and on the contrary a very risky way of driving by an increase of premiums. In the same way people with disability and risk life insurances based on fitness trackers may benefit from premium reductions (or home owners who implement smart house solutions against burglary, water or fire damages etc.).</p> <p>But these positive outcomes are only possible under far-reaching prerequisites fulfilled by the insurers with regard to the promotion of public awareness, of</p>	<p>Noted and appreciate information on the risks highlighted</p>

		<p>consumer education and of consumer rights, especially of a high level of transparency towards the customers. If this is not the case this ever stronger segmentation will inevitably lead not only to the detection of high-risk customers but to their exclusion, no matter if it is justified or not.</p> <p>If the segmentation and even individualization of customers and tariffs are overdone, this is contradictory to the principles of insurance itself. The basis of insurance is the law of the large numbers. Only if the collective basis for a tariff cohort is large enough, any kind of calculation of probability is valid enough (and based on that any kind of calculation of premiums). We definitely foresee the danger that Big Data will mostly be used either as marketing-gag or as a means in order to detect and exclude possible high-risk customers via the data which are collected by the distributors.</p>	
Fédération Bancaire Française	Q8	Yes, we share EIOPA's assessment of the risks that could occur because of the increasing use of digital platforms for the distribution of insurance products and we have not identified any other risks.	Noted
Gesamtverband der Deutschen Versicherungswirtschaft e. V.	Q8	<p>In our view, the potential risks of open insurance business models very much depend on the further development of the regulatory framework and the open insurance approach decided on. With a careful and evolutionary approach in regulation and supervision, potential risks can be kept low compared to extensive and potentially disruptive regulatory changes. In general, there is already a comprehensive regulatory framework that encompasses innovative market solutions and limits much of the risks mentioned for consumers and undertakings.</p> <p>We believe that not all the potential risks identified by EIOPA should be regarded as risks. For example, risk-based pricing and the search for enhanced risk assessment are integral to private insurance markets. An important aim of this search is to acquire new customers by extending insurability, which is opposite to exclusion. Therefore, we do not see the risk of financial exclusion. On the contrary, enhanced data use could well contribute to financial inclusion, e.g., by identifying and closing insurance gaps or improved insurability. Also, it is natural and no "risk" that developing costs of successful solutions ultimately have to be borne by the customer: Effective competition (including between innovative and more traditional offers) ensures that</p>	Noted and agreed. The text of the final advice has been adjusted regarding the risks of financial advice

		<p>customers get good value for their money.</p> <p>Additionally, to the risks mentioned in No. 101 and 107, without an assertive approach to counter market dominance and ensure a level playing field for providers, strong network effects could occur from some platform and eco-systems distribution models, limiting access to customers to a few market participants (“winners take most”). This is a well-known issue that is in the process of being addressed already, e.g., under the Digital Services Act, Digital Markets Act, and the Regulation on Fairness and Transparency for Business Users of Online Intermediary Services.</p> <p>Another important risk would be, as EIOPA pointed out accurately, the increase of “execution-only” sales. The example in Annex IV illustrates, that an increasing number of companies are carrying out digital sales by simply offering execution-only solutions. We are convinced that there is an added value for most consumers in accessing advice and that they profit from consulting well-qualified and trained advisors. Fostering “execution-only” sales would come with the risk of advice gaps which might lead to unsuitable financial decisions. Moreover, this implies that the first initiative to buy an insurance product must come from the client (more on this issue in Q 16).</p>	
ING Bank NV	Q8	<p>When moving to full digital propositions, this could be a barrier for some clients because of the complexity of the process and thus there is the risk that certain groups of customers will not make use of these channels.</p> <p>Furthermore we see that customers tend to be reluctant to fill in the large questionnaires related to suitability testing which pushes them into the direction of execution only services. We believe that it would be useful to offer clients some advice on the appropriateness of certain financial services for them without having to meet the full requirements related to providing investment advice.</p> <p>Human intervention in this hybrid model could help to overcome these barriers. Additionally, improved investor literacy and easier access to simple advice could overcome this. Especially when we see the distribution moving from advisory services to execution only services with a risk that groups of customers are moving to</p>	Noted re risk of certain groups of customers not making use of digital channels and risks of execution-only services with low levels of literacy and need for a more streamlined appropriateness assessment

		execution-only with limited investment literacy. Execution-only services may not always be the right solution for a customer.	
Bundesverband Deutscher Vermögensberater	Q8	Wir teilen die Auffassung von EIOPA vollumfänglich. Nach unserer Einschätzung besteht das Hauptrisiko eines rein digitalen Angebotes ohne Beratung darin, dass Kunden IBIPs kaufen, ohne deren Funktionsweise und deren Risikopotentiale verstanden zu haben. Das kann zu völlig falschen Entscheidungen und Erwartungen führen.	Noted
Actuarial Association of Europe	Q8		
Die Deutsche Kreditwirtschaft	Q8		
Allianz SE	Q8	<p>Allianz shares EIOPA's assessment of the types of risk in the context referred.</p> <p>Beyond EIOPA's assessment, Allianz believes that digital platforms would not necessarily bring added value to consumers, as it is difficult to compare insurance products - especially across Member State borders - within such tools and without additional customer advice. In general, comparison websites run the risk of focusing more on prices or other selection criteria and "choice architectures", designed to nudge consumers towards certain product settings and mandatorily added service offerings, may be sub-optimal from a demands and needs perspective.</p> <p>Moreover, the typical risks connected with powerful intermediaries (such as customer churning, aggressive marketing strategies, misleading consumers with headline prices and lack of information on the fact that only a limited number of providers are typically on comparison portals) would further increase.</p> <p>Furthermore, due to network effects, economies of scale and superior access to data, the success of large platforms becomes self-reinforcing, turning them into gatekeepers. Markets may be organised and governed by one or two platforms only. This has negative effects for the market, competition, business users, and end users: in the market, the platform operator determines the success of suppliers and customers and steers the coordination of supply and demand according to its own</p>	Noted, re risks presented by digital platforms and need for fairness rules to apply to platforms

		<p>parameters. This suppresses the discoveries of a free market economy when customers and/or suppliers are dependent upon the platform. The prerequisites of innovation – different paths, diversity, capacities for openness – may no longer be given. For business users, providers of goods and services may become dependent on suppliers of auxiliary services (the match-making platforms), so they battle for access to and best conditions with the platform, but no longer for the customer directly. The direct consumer-supplier-interface gets lost. This also has negative consequences for the end user, who may be caught in closed systems where consumer choice is reduced. In order to mitigate these effects, it is necessary to act quicker, more hands-on and more technology-sensitive than so far.</p> <p>If open platforms would sell products of multiple insurers, the potential for conflicts of interest would not necessarily reduce. In fact, such scenario would call for “platform fairness rules” based on three principles:</p> <p>1) Neutrality: comparison websites and search engines often pretend to deliver neutral comparisons while their rankings are influenced by payments of relevant suppliers. This practice should be limited.</p> <p>2) No self-preferencing: platforms should be transparent about the criteria they use for their listings, update them regularly, and avoid favouring their own businesses.</p> <p>3) Non-exclusivity: platforms should not force suppliers into exclusivity arrangements or best-price guarantees as this challenges innovation, variety and fair choices for consumers.</p>	
FECIF	Q8	See answer to question 7.	
Sparbanken Skåne AB (publ)	Q8	We see a risk in certain broker-firms who are becoming so big (oligopoly) that they become too strong in relation to insurance companies	Noted
VOTUM Verband	Q8	See answer to question 7.	

Question 9: Do you share EIOPA's assessment of the types of risks that could arise in the context of the growth of more diverse distribution channels for IBIPs? Are there any risks which you see arising, but which EIOPA has not identified in this paper?			
Polish Chamber of Insurance	Q9	No answer	
BETTER FINANCE	Q9	<p>In general, BETTER FINANCE agrees with the risks identified by EIOPA, but we wish to draw the attention also to the conclusions of the High Level Forum on the Future of the Capital Markets Union concerning Open Finance and to the fact that, particularly in the insurance industry, facilitating data exchange may pave the way to first or second degree price discrimination.</p> <p>In our view, the first issue that must be tackled in opening access to data consumer data is enabling a real choice for consumers to agree or refuse. Given that insurances are, in most cases, legal obligations, concluding an insurance contract inherits the nature of an essential service for consumers. Thus, if an insurance intermediary subjects the conclusion of the insurance contract on the client's consent on data processing, that consumer no longer has a real, free (or unconstrained) choice on data processing.</p> <p>Second, opening access to data must be subject to a levy on the insurance industry to enable EIOPA and national insurance supervisors expand their resources and adequately police practices that arise from a potential wave of data exchange. Given that insurance premiums are based on actuarial calculations, which heavily rely on data and information as statistical series, we believe that the highest risk of misuse and consumer detriment in open finance arises in the insurance industry, most notably via the potential first or second degree price discrimination for prospective policyholders.</p> <p>Third, insurers must be obliged to be very transparent and upfront on how the data of consumers is used and if revenues are made from processing this data.</p> <p>Last, open access must be strictly coordinated with the regulatory framework of the GDPR and in consultation with the European Data Protection Authority.</p>	<p>Agreed, the text of the final advice has been adjusted to reflect the need for the customer to have a real, free (or unconstrained) choice on data processing</p> <p>Based on the scope of the COM's Request for Advice, EIOPA is not in a position to make proposals for imposing levies on financial market participants as this is currently a matter of national competence for NCAs.</p>

		In spite of potential benefits that open access to data can bring, as it happened in the banking sector with payment services, we advise EIOPA to carefully examine a framework for open data that enables safety by design for consumers: prevention, rather than resolution, of consumer detriment is key in this field.	
Irish Life Assurance PLC	Q9		
Unipol Gruppo S.p.A.	Q9		
Dutch Association of Insurers	Q9		
France Assureurs (Fédération Française de l'Assurance)	Q9	<p>France Assureurs agrees with EIOPA's risk analysis, while the use of digital platforms is a source of opportunities for the distribution of insurance products, it can also present risks especially if the new distributors are not subject to the same regulation as insurers. It is crucial to ensure that new players respect the "same activities, same risks, same rules" principle.</p> <p>As the main risks depend on the future regulatory framework, it seems crucial to adopt a cautious and evolutionary approach in order to limit the potential risks and ensure a high level of consumer protection and a level playing field for the different players.</p> <p>Furthermore, the development of online product distribution raises the issue of advice and information. Information requirements need to be adapted to the digital age both in terms of content (providing the right comprehensive information) and accessibility for all.</p>	Noted
Länsförsäkringar	Q9		
ASSORETI - Association of intermediaries which provide investment advice service through their network of qualified individual financial advisors.	Q9	<p>In the home insurance activity carried out by insurance companies, customers can give provision, relating to IBIPs, directly to the insurance company, including any further and additional payment, redemption and switch.</p> <p>In this context, we would like to underline the need to ensure the necessary coordination between the regulation of the home insurance activity and the regulation of the distributing and advising services, in the aim of allowing the</p>	Noted

		distributor to be fully and promptly informed about the provisions eventually given by the customers directly to the insurance company and thus to be placed in a position to keep on providing suitable recommendations, as part of the advisory relationship existing with the client.	
Insurance Ireland	Q9	We agree with EIOPA and Insurance Europe that risks do exist if distributors are not subjected to the same level of regulation and supervision as insurers. It is vital that information requirements are adapted to the digital age to mitigate these risks. In Ireland, IBIPs are generally only distributed through intermediaries.	Noted and agreed re ensuring level playing field
BEUC, The European Consumer Organisation	Q9	N/A	
ANIA	Q9	<p>We agree with EIOPA’s analysis of the potential types of risks particularly if new distributors are not subject to the same stringent levels of regulation and supervision as insurers.</p> <p>It is vital that information requirements are adapted to the digital age to mitigate the risks identified by EIOPA, as well as it is advisable to not just look at what information is provided but at its accessibility and prominence as well.</p> <p>We believe that not all the potential risks identified by EIOPA should be regarded as risks. For example, risk-based pricing and the search for enhanced risk assessment are integral to private insurance markets. An important aim of this search is to acquire new customers by extending insurability.</p> <p>Also, we believe it is natural and not a “risk” that developing costs of successful solutions ultimately have to be borne by the customer: effective competition (including between innovative and more traditional offers) ensures that customers get good value for their money.</p>	Noted
ACA	Q9		
Institut des actuaires (France)	Q9		

<p>Spanish Banking Association</p>	<p>Q9</p>	<p>EIOPA has captured the key risks posed by the further development of diverse distribution channels. The risks and benefits of open insurance will ultimately depend on the specifics of the regulatory framework. With a careful and evolutionary approach in regulation and supervision, potential risks can be kept low compared to extensive and potentially disruptive impact of forced regulatory changes. In general, there is already a comprehensive regulatory framework that encompasses innovative market solutions and limits many of the risks mentioned for consumers and undertakings. Applying the existing IDD framework to all market players on a same activity same rules basis is the best way forward.</p> <p>Without an assertive approach to counter market dominance and ensuring a level playing field for providers, strong network effects could occur from platform and ecosystem based distribution models, limiting access to customers to a few market participants (“winners take almost “). This is a well-known issue that is in the process of being addressed already, e.g., under the Digital Services Act, Digital Markets Act, and the Regulation on Fairness and Transparency for Business Users of Online Intermediary Services, but is important to also note it in the context of the Retail Investment Strategy (RIS).</p> <p>Some of the issues identified by EIOPA are not inherently risks. For example, risk-based pricing and the search for enhanced risk assessment are integral to private insurance markets. An important aim of this search is to acquire new customers by extending insurability, which is the opposite to exclusion. Therefore, we do not see the risk of financial exclusion. On the contrary, enhanced data use could well contribute to financial inclusion, by identifying and closing insurance gaps or improved insurability. We are also not convinced that passing on of development costs to consumers is a ‘risk’ as such. Consumers will see the benefits of the emergence of new systems but it is natural that this comes with a cost. Effective competition in the market will ensure consumers do not face unreasonable costs.</p> <p>As EIOPA correctly points out, another important risk would be the increase of “execution-only” sales. The Swedish example in Annex IV illustrates, that an increasing</p>	<p>Noted and agreed re benefits of risk-based pricing and the search for enhanced risk assessment to extend insurability</p>
------------------------------------	-----------	---	--

		number of companies are carrying out digital sales by simply offering execution-only solutions. There is an added value for many consumers in accessing advice and they benefit from consulting well-qualified and trained advisors. Fostering "execution-only" sales would come with the risk of advice gaps which could lead to adverse financial decisions.	
Bundesarbeitsgemeinschaft zur Förderung der Versicherungsmakler (BFV)	Q9		
Insurance Europe	Q9	<p>Yes, EIOPA has captured the key risks posed by the further development of diverse distribution channels. The risks and benefits of open insurance will ultimately depend on the specifics of the regulatory framework. With a careful and evolutionary approach in regulation and supervision, potential risks can be kept low compared to extensive and potentially disruptive impact of forced regulatory changes. In general, there is already a comprehensive regulatory framework that encompasses innovative market solutions and limits many of the risks mentioned for consumers and undertakings. Applying the existing IDD framework to all market players on a same activity same rules basis is the best way forward.</p> <p>Without an assertive approach to counter market dominance and ensuring a level playing field for providers, strong network effects could occur from platform and ecosystem based distribution models, limiting access to customers to a few market participants ("winners take most"). This is a well-known issue that is in the process of being addressed already, e.g., under the Digital Services Act, Digital Markets Act, and the Regulation on Fairness and Transparency for Business Users of Online Intermediary Services but is important to also note in the context of the RIS.</p> <p>We would also like to note that some of the issues identified by EIOPA are not inherently risks. For example, risk-based pricing and the search for enhanced risk assessment are integral to private insurance markets. An important aim of this search is to acquire new customers by extending insurability, which is the opposite to exclusion. Therefore, we do not see the risk of financial exclusion. On the contrary, enhanced data use could well contribute to financial inclusion, by identifying and</p>	Noted and agreed re benefits of risk-based pricing and the search for enhanced risk assessment to extend insurability

		<p>closing insurance gaps or improved insurability. We are also not convinced that passing on of development costs to consumers is a 'risk' as such. Consumers will see the benefits of the emergence of new systems but it is natural that this comes with a cost. Effective competition in the market will ensure consumers do not face unreasonable costs</p>	
VOTUM Verband	Q9	<p>Siehe insbesondere Antwort auf Frage 7. Wir teilen die Auffassung von EIOPA. Nach unserer Einschätzung besteht das Hauptrisiko eines rein digitalen Angebotes ohne Beratung darin, dass Kunden IBIPs kaufen, ohne deren Funktionsweise und deren Risikopotentiale verstanden zu haben. Das kann zu völlig falschen Entscheidungen und Erwartungen führen.</p>	Noted
Austrian Federal Economic Chamber, Division Bank and Insurance	Q9	<p>Yes, EIOPA has captured the key risks posed by the further development of diverse distribution channels. The risks and benefits of open insurance will ultimately depend on the specifics of the regulatory framework. With a careful and evolutionary approach in regulation and supervision, potential risks can be kept low compared to extensive and potentially disruptive impact of forced regulatory changes. In general, there is already a comprehensive regulatory framework that encompasses innovative market solutions and limits many of the risks mentioned for consumers and undertakings. Applying the existing IDD framework to all market players on a same activity same rules basis is the best way forward.</p> <p>Without an assertive approach to counter market dominance and ensuring a level playing field for providers, strong network effects could occur from platform and eco-system based distribution models, limiting access to customers to a few market participants ("winners take almost"). This is a well-known issue that is in the process of being addressed already, e.g., under the Digital Services Act, Digital Markets Act, and the Regulation on Fairness and Transparency for Business Users of Online Intermediary Services but is important to also note in the context of the RIS.</p> <p>We would also like to note that the some of the issues identified by EIOPA are not inherently risks. For example, risk-based pricing and the search for enhanced risk assessment are integral to private insurance markets. An important aim of this search is to acquire new customers by extending insurability, which is the opposite to</p>	Noted

		<p>exclusion. Therefore, we do not see the risk of financial exclusion. On the contrary, enhanced data use could well contribute to financial inclusion, by identifying and closing insurance gaps or improved insurability. We are also not convinced that passing on of development costs to consumers is a 'risk' as such. Consumers will see the benefits of the emergence of new systems but it is natural that this comes with a cost. Effective competition in the market will ensure consumers do not face unreasonable costs</p>	
EIOPA IRSG	Q9	<p>The IRSG believes that the assessment was quite comprehensive and have not identified any additional risks not covered by the paper.</p> <p>However, some members have expressed that is key is to have a technology neutral framework (no technique or approach may be favoured over the other by regulators). Too much detail with regards to "how" would possibly create legal uncertainty or unlevel playing fields. Different disclosure requirements for digital versus non-digital channels have to be avoided. These are not two separate worlds. Insurance professionals combine digital and non-digital channels (digital) and the regulatory framework has to introduce the digital format on the same level as the paper format. A pdf and email can be as efficient in terms of information efficiency as more sophisticated digital tools.</p> <p>Other members noted the typical risks connected with powerful intermediaries (such as customer churning, aggressive marketing strategies, misleading consumers with headline prices and lack of information on the fact that only a limited number of providers are typically on comparison portals) would further increase, turning them into gatekeepers, with negative consequences for the market, competition, business and end users.</p>	Note and agreed re need for technological neutrality and treating the digital and non-digital worlds in an equivalent way
BIPAR	Q9	<p>Comparison portals can only reflect the comparison between products, this does not give answers to the question in how far a product is adapted to the demands and needs of a consumer in specific situation. There is the risk of consumers buying the wrong products.</p>	Noted

	<p>Furthermore, there is a serious risk that comparison websites only focus on the lowest possible price. This leads consumers not to focus on the adequate products that they really need. This is well explained in EIOPA report on “Good Practices on Comparison Websites” published in 2014 and in a 2019 article by Professor Marano on “Navigating InsurTech: The digital intermediaries of insurance products and customer protection in the EU” : Customers tend to over-rely on the price of products, rather than the underlying terms and conditions. Such a representation to the customer is misleading. The premium to be paid to the insurer is normally the result of the underlying terms and condition of the product because they regulate the ‘amount’ of risk actually transferred to the insurance undertaking. The lower the premium is, the less the risk underwritten by the insurer is”.</p> <p>What is key is to have a technology neutral framework (no technique or approach may be favoured over the other by regulators). Different disclosure requirements for digital versus non-digital channels have to be avoided. These are not two separate worlds. Insurance professionals combine digital and non-digital channels (fygital) and the regulatory framework has to introduce the digital format on the same level as the paper format. A pdf and email can be as efficient in terms of information as more sophisticated digital tools.</p> <p>Retail investors who are less at ease with new technologies however, may continue to prefer paper-based information. Smartphone formats are possibly less desirable for certain important investment decisions. Digital, non-digital, human factors are for the moment interacting with one another. We are in a hybrid mixed situation.</p> <p>The IDD is activity-based. The scope and distribution rules of IDD have to be as wide as possible. Within the context of consumer protection, it is important that online platforms (including third party ownerships) fall into the scope and therefore need to follow the rules (product knowledge, education, information requirements, suitability-test, conflict of interest rules, inducement rules,...) and are supervised.</p>	
--	---	--

Assuralia	Q9	<p>Assuralia agrees with EIOPA’s analysis of the potential risks particularly if new distributors are not subject to the same stringent levels of regulation and supervision as insurers. We also underline that the execution only is not permitted for insurers in Belgium, which is not the case for banks for e.g., which raise concerns on the unlevel playing field for insurers. It is vital that information requirements are adapted to the digital age to mitigate the risks identified by EIOPA. Besides, further look should be given to the accessibility and prominence of information.</p> <p>Especially for the Open Insurance, potential risks for the industry very much depend on the design of an open insurance framework. In all circumstances, the following risks need to be taken into account:</p> <ul style="list-style-type: none"> -Increased cost of regulatory compliance: Both in form of direct costs, e.g. administration, and indirect costs, e.g. lost opportunity cost. -Trade secrets: if trade secrets are widely distributed, due to data sharing, this could undermine risk understanding of the industry. -Risks relating to data privacy and data security, e.g. - Not knowing who accesses what data: With increasing number of access points and authentication methods, there is a risk that insurers will simply not know who accesses what data, with the associated compliance issues this trigger (e.g. breaching GDPR, EIOPA’s Guidelines on ICT). - Increased data security/privacy risks: If regulations are inadequate in terms of logical security (e.g. as with PSD2), it is unreasonable that industry players should be held liable for any data breaches/misuses. PSD2, induces risk to incumbents in this area, in terms of ASPSP’s potentially being liable for Third party providers’ GDPR data breaches. <p>We should also keep in mind that if insurers are forced to open all of their data, this may decrease the amount of development that insurers are willing to do, as the results of their investment will have to be shared with everyone – as seen in banking, due to unintended side-effects of PSD2.</p>	Noted and agreed as the advice has been adjusted to reflect need for voluntary data sharing and protection of professional secrecy
-----------	----	---	--

<p>Italian Banking Association</p>	<p>Q9</p>	<p>We consider of outmost importance ensuring a level playing field between insurance intermediaries and unregulated entities which can provide any kind of information related to IBIPs.</p> <p>In particular, we believe that the fundamental principles of:</p> <ul style="list-style-type: none"> • technology-neutrality, and • level playing field among different entities which provide investment services and/or which convey through digital channel information subject to the regulatory framework established under IDD and PRIIPs should continue to be applied. <p>Supervisory Authorities should be empowered to ensure that the conduct and activities in the marketplace are implemented in line with investor protection and information transparency.</p> <p>Moreover, we believe that a particular attention should be paid to social networks, also those not related specifically to finance, insurance and investment, which are increasingly used to convey information regarding IBIPs. They should be subject to the same rules which apply to insurance intermediaries.</p> <p>Lastly, we observe that benefits of an Open Finance approach are as diverse as allowing consumers to have a complete view of their arrangements, allowing them to understand and optimize their overall financial situation if they refer to multiple intermediaries.</p> <p>Analysing open data set will also enable financial services provider to predict future customer behaviour and needs while offering tailored and appropriate products and services, improving in this way a correct match between supply and demand. The new data eco-system offers precious opportunities as it enables to gain insights through new data sources, helping to create a more comprehensive picture of the customer's financial situation.</p>	<p>Noted, in particular regarding increasing role of social media networks and online advertising so the final advice has been adjusted with more detail on addressing marketing communications</p>
------------------------------------	-----------	---	---

		<p>Moreover, the adoption of Open Finance models could also improve the development of semi-automated solutions, e.g. Robo-for-Advice and Robo-Advice. The success of those solutions that use AI is often directly proportional to the number of available data and the completeness of the processed information.</p> <p>The main risks of implementing an open finance policy involve sharing of financial and insurance data among different players beyond the financial and insurance sector, because these players are not regulated and not subject to the supervision of a competent authority. In particular, risks are related to security, confidentiality and privacy.</p> <p>Valuable opportunities for data-driven innovation in the financial and insurance sector will come from reusing and combining data, particularly across sectors and different market participants, including the public sector. Open Finance must therefore be considered in the broader context of an Open Data Economy, where users – consumers and businesses – are at the centre, and are given the tools to decide when, with whom and for what purpose to share their data held by different sectors. A sound user-centric, cross-sectoral data sharing framework should be discussed in parallel or even before considering any further initiatives for financial and insurance sector.</p>	
<p>AGEA (French association of general insurance agents)</p>	<p>Q9</p>	<p>The risks which we identified are the risks related to remote distribution via digital platforms (see Q7) which include potential fraud facilitated by the digital context.</p> <p>An example of difficulties that may be encountered can be reported in the case of mixed distribution channels: the subscription is carried out by an agent who ensures the suitability of the product for a modest amount, but the policyholder has the possibility to modify on his own, via the online “customer area” interface, the amount of his investment. For instance, the policyholder may invest a large amount after the subscription. Consequently, the exposure to financial risk is completely modified. This situation tends to demonstrate the need for the policyholder to be accompanied at each important stage of the contract.</p>	<p>Noted and appreciate input provided regarding specific market practices and concerns over customers taking on greater exposure to financial risk through their own decisions made via digital portals/interfaces</p>

		An issue may be pointed out concerning the practice of commercial prospects emanating from quotations drawn up online and sent to multiple distributors. Indeed, depending on the reactivity of the distributor who will contact the potential customer and provide the product, the client may not have access to the same quality of information, advice and support.	
ANASF	Q9	<p>There are several potential risks. While it is true that by means of automated devices, investors can potentially access a wide range of products, nonetheless, this remark omits that such an inflated offer may be disruptive. In the field of financial/insurance advisory, the real milestone is the suitability assessment: scores of products may be thought to be suitable for each investor, this is the reason why human intervention is needed.</p> <p>Information gaps and the inability to seek clarifications is a significant risk, especially considering the lack of financial/insurance literacy among EU citizens. It is undeniable that the tool, based on an algorithm, can have biases, with potential repercussions on end users.</p> <p>Without proper assessment and human support it is difficult, if not impossible, that the individual investor can realize it. The input of personal data may be requested by the platforms for their business, as a consequence of specific agreements/links with other market participants particularly interested in the profiles of all registered users. The algorithms underlying automated devices require specific fully-fledged controls to ensure investor protection: for instance, there exists the risk that algorithms are devised so as to favour the distribution of products which entail more revenues for distribution platforms, at the expense of investors' best interests. Supervisors shall also consider the variables underlying the algorithms: different algorithms may obviously have different underlying variables. Furthermore, adding or omitting a single variable may pave the way for unintended and unforeseeable consequences, especially without human support.</p> <p>Automated devices may entice investors to rush into inputting data without properly reading pre-contractual information. It is evident that haste does not support</p>	Noted

		<p>thoughtful choices, with the risk that the user can make thoughtless operations.</p> <p>There is also the risk that all the investors with similar profiles will be always recommended to buy the same products, causing detriment to the quality of service and the scope of markets.</p> <p>Finally, we believe that client profiling using a mere algorithmic application with automatic response, devoid of an objective assessment, would involve the risk of a kind of self-profiling by the user that, by trial, may complete the automated procedure, in order to obtain a specific product, without an effective evaluation of the suitability of the choice. In short, investors may repeatedly respond to the various questions in the profiling tests until they get the desired profile (probably unsuitable) depending on the products they wish to buy.</p> <p>It is necessary to consider that the investor’s financial/insurance situation and needs change over time. In fact, platforms may not provide for any form of engagement and periodic evaluation of the advice given, or alerts that inform the investors of possible significant changes in market conditions. Instead, the constant human relationship developed with an advisor, allows the clients to change/update their investment decisions following the course of their lives and that of their families, as well as market developments.</p>	
<p>Austrian Insurance Association (VVO)</p>	<p>Q9</p>	<p>Yes, EIOPA has captured the key risks posed by the further development of diverse distribution channels. The risks and benefits of open insurance will ultimately depend on the specifics of the regulatory framework. With a careful and evolutionary approach in regulation and supervision, potential risks can be kept low compared to extensive and potentially disruptive impact of forced regulatory changes. In general, there is already a comprehensive regulatory framework that encompasses innovative market solutions and limits many of the risks mentioned for consumers and undertakings. Applying the existing IDD framework to all market players on a same activity same rules basis is the best way forward.</p> <p>Without an assertive approach to counter market dominance and ensuring a level</p>	<p>Noted</p>

		<p>playing field for providers, strong network effects could occur from platform and ecosystem based distribution models, limiting access to customers to a few market participants (“winners take almost”). This is a well-known issue that is in the process of being addressed already, e.g., under the Digital Services Act, Digital Markets Act, and the Regulation on Fairness and Transparency for Business Users of Online Intermediary Services but is important to also note in the context of the RIS.</p> <p>We would also like to note that the some of the issues identified by EIOPA are not inherently risks. For example, risk-based pricing and the search for enhanced risk assessment are integral to private insurance markets. An important aim of this search is to acquire new customers by extending insurability, which is the opposite to exclusion. Therefore, we do not see the risk of financial exclusion. On the contrary, enhanced data use could well contribute to financial inclusion, by identifying and closing insurance gaps or improved insurability. We are also not convinced that passing on of development costs to consumers is a ‘risk’ as such. Consumers will see the benefits of the emergence of new systems but it is natural that this comes with a cost. Effective competition in the market will ensure consumers do not face unreasonable costs.</p>	
<p>Bund der Versicherten (BdV - German Association of Insured)</p>	<p>Q9</p>	<p>Yes, we agree (especially no. 101, p. 36, and no. 107, p. 38 of CP). Particularly with regard to "more granular consumer data combined with AI" we stress the following concern: In principle it is possible that "usage-based insurances" may result in a stronger segmentation of customers in a positive way. Telematics-based motor insurances especially for beginners may sanction the risk-averse way of driving by a decrease of premiums and, on the contrary, a very risky way of driving by an increase of premiums. In the same way, people with disability and risk life insurances based on fitness trackers may benefit from premium reductions (or home owners who implement smart house solutions against burglary, water or fire damages etc.).</p> <p>But these positive outcomes are only possible under far-reaching prerequisites fulfilled by the insurers with regard to the promotion of public awareness, of consumer education and of consumer rights, especially of a high level of transparency towards the customers. If this is not the case this ever-stronger segmentation will</p>	<p>Noted and agreed re potential risks such as the danger that Big Data being used as a means to detect and exclude possible high-risk customers via the data which are collected by the distributors.</p>

		<p>inevitably lead not only to the detection of high-risk customers but to their exclusion, no matter if it is justified or not.</p> <p>If the segmentation and even individualization of customers and tariffs are overdone, this is contradictory to the principles of insurance itself. The basis of insurance is the law of the large numbers. Only if the collective basis for a tariff cohort is large enough, any kind of calculation of probability is valid enough (and based on that any kind of calculation of premiums). We definitely foresee the danger that Big Data will mostly be used either as marketing-gag or as a means in order to detect and exclude possible high-risk customers via the data which are collected by the distributors.</p>	
Fédération Bancaire Française	Q9	Yes, we share EIOPA's assessment of the risks that could occur because of the increasing use of digital platforms for the distribution of insurance products and we have not identified any other risks.	Noted
Gesamtverband der Deutschen Versicherungswirtschaft e. V.	Q9	<p>In our view, the potential risks of open insurance business models very much depend on the further development of the regulatory framework and the open insurance approach decided on. With a careful and evolutionary approach in regulation and supervision, potential risks can be kept low compared to extensive and potentially disruptive regulatory changes. In general, there is already a comprehensive regulatory framework that encompasses innovative market solutions and limits much of the risks mentioned for consumers and undertakings.</p> <p>We believe that not all the potential risks identified by EIOPA should be regarded as risks. For example, risk-based pricing and the search for enhanced risk assessment are integral to private insurance markets. An important aim of this search is to acquire new customers by extending insurability, which is opposite to exclusion. Therefore, we do not see the risk of financial exclusion. On the contrary, enhanced data use could well contribute to financial inclusion, e.g., by identifying and closing insurance gaps or improved insurability. Also, it is natural and no "risk" that developing costs of successful solutions ultimately have to be borne by the customer: Effective competition (including between innovative and more traditional offers) ensures that customers get good value for their money.</p>	Noted and agreed re risk-based pricing and the search for enhanced risk assessment helping to acquire new customers by extending insurability. The text of the final advice has been adjusted to reflect this point.

		<p>Additionally, to the risks mentioned in No. 101 and 107, without an assertive approach to counter market dominance and ensure a level playing field for providers, strong network effects could occur from some platform and eco-systems distribution models, limiting access to customers to a few market participants (“winners take most”). This is a well-known issue that is in the process of being addressed already, e.g., under the Digital Services Act, Digital Markets Act, and the Regulation on Fairness and Transparency for Business Users of Online Intermediary Services.</p> <p>Another important risk would be, as EIOPA pointed out accurately, the increase of “execution-only” sales. The example in Annex IV illustrates, that an increasing number of companies are carrying out digital sales by simply offering execution-only solutions. We are convinced that there is an added value for most consumers in accessing advice and that they profit from consulting well-qualified and trained advisors. Fostering “execution-only” sales would come with the risk of advice gaps which might lead to unsuitable financial decisions. Moreover, this implies that the first initiative to buy an insurance product must come from the client (more on this issue in Q 16).</p>	
ING Bank NV	Q9	<p>When moving to full digital propositions, this could be a barrier for some clients because of the complexity of the process and thus there is the risk that certain groups of customers will not make use of these channels.</p> <p>Furthermore, we see that customers tend to be reluctant to fill in the large questionnaires related to suitability testing which pushes them into the direction of execution-only services. We believe that it would be useful to offer clients some advice on the appropriateness of certain financial services for them without having to meet the full requirements related to providing investment advice.</p> <p>Human intervention in this hybrid model could help to overcome these barriers. Additionally, improved investor literacy and easier access to simple advice could overcome this. Especially when we see the distribution moving from advisory services to execution only services with a risk that groups of customers are moving to execution-only with limited investment literacy. Execution-only services may not always be the right solution for a customer.</p>	Noted, in particular, re need for more streamlined advice process and risk of more financially illiterate customers engaging in execution-only sales

Bundesverband Deutscher Vermögensberater	Q9	Wir teilen die Auffassung von EIOPA vollumfänglich. Nach unserer Einschätzung besteht das Hauptrisiko eines rein digitalen Angebotes ohne Beratung darin, dass Kunden IBIPs kaufen, ohne deren Funktionsweise und deren Risikopotentiale verstanden zu haben. Das kann zu völlig falschen Entscheidungen und Erwartungen führen.	Noted
Actuarial Association of Europe	Q9		
Die Deutsche Kreditwirtschaft	Q9		
Allianz SE	Q9	<p>Allianz shares EIOPA’s assessment of the types of risk in the context referred.</p> <p>Beyond EIOPA’s assessment, Allianz believes that digital platforms would not necessarily bring added value to consumers, as it is difficult to compare insurance products - especially across Member State borders - within such tools and without additional customer advice. In general, comparison websites run the risk of focusing more on prices or other selection criteria and “choice architectures”, designed to nudge consumers towards certain product settings and mandatorily added service offerings, may be sub-optimal from a demands and needs perspective.</p> <p>Moreover, the typical risks connected with powerful intermediaries (such as customer churning, aggressive marketing strategies, misleading consumers with headline prices and lack of information on the fact that only a limited number of providers are typically on comparison portals) would further increase.</p> <p>Furthermore, due to network effects, economies of scale and superior access to data, the success of large platforms becomes self-reinforcing, turning them into gatekeepers. Markets may be organised and governed by one or two platforms only. This has negative effects for the market, competition, business users, and end users: in the market, the platform operator determines the success of suppliers and customers and steers the coordination of supply and demand according to its own parameters. This suppresses the discoveries of a free market economy when customers and/or suppliers are dependent upon the platform. The prerequisites of</p>	Noted, re risks presented by digital platforms and need for fairness rules to apply to platforms

		<p>innovation – different paths, diversity, capacities for openness – may no longer be given. For business users, providers of goods and services may become dependent on suppliers of auxiliary services (the match-making platforms), so they battle for access to and best conditions with the platform, but no longer for the customer directly. The direct consumer-supplier-interface gets lost. This also has negative consequences for the end user, who may be caught in closed systems where consumer choice is reduced. In order to mitigate these effects, it is necessary to act quicker, more hands-on and more technology-sensitive than so far.</p> <p>If open platforms would sell products of multiple insurers, the potential for conflicts of interest would not necessarily reduce. In fact, such scenario would call for “platform fairness rules” based on three principles:</p> <p>1) Neutrality: comparison websites and search engines often pretend to deliver neutral comparisons while their rankings are influenced by payments of relevant suppliers. This practice should be limited.</p> <p>2) No self-preferencing: platforms should be transparent about the criteria they use for their listings, update them regularly, and avoid favouring their own businesses.</p> <p>3) Non-exclusivity: platforms should not force suppliers into exclusivity arrangements or best-price guarantees as this challenges innovation, variety and fair choices for consumers.</p>	
FECIF	Q9	See answer to question 7.	
Sparbanken Skåne AB (publ)	Q9	We see a risk in certain broker-firms who are becoming so big (oligopoly) that they become too strong in relation to insurance companies	Noted
VOTUM Verband	Q9	See answer to question 7.	
Question 10: Do you agree with EIOPA’s analysis of differences between IDD and MiFID II? Are there any other differences not mentioned which you consider to be relevant?			
Polish Chamber of Insurance	Q10	<ul style="list-style-type: none"> The training and professional development regime under IDD is considerably more rigorous than that under MiFID, including a 15hr minimum requirement. In reality many member states have training requirements that go beyond this. This regime is a 	EIOPA did not consider it appropriate to address training and competence requirements in advice, given that the

	<p>strength of IDD and have served to increase the quality of the advice provided to insurance consumers.</p> <ul style="list-style-type: none"> • It should also be noted that differences between IDD and MiFID do not always need to be addressed through further harmonisation. For example, taping requirements under MiFID are outdated and a barrier to the digital transition. These should not be transferred to IDD. • We also understand from the report that EIOPA have considered the possibility of applying the MiFID ‘quality enhancement principle’ to the insurance market. The report suggests that some NCAs see no difference between the application of the MiFID quality enhancement principle and the IDD concept of no detrimental impact, which suggests there would be minimal value in doing so. While on a general level it is true that the principles can result in the same outcome for consumers, we do not believe that the specific level 2 and 3 requirements on the ‘quality enhancement principle’ could or should be applied to insurers/insurance distributors. We do not see any value in changing the IDD approach on this point, but if policy makers were minded to do so, it would need to be accompanied by insurance specific principles at level 2/3 that are directly relevant to insurers and to our customers. • It is important to note that the findings of the report also reflect the minimum-harmonisation approach taken in the IDD, which contrasts with the maximum harmonisation approach taken in MiFID. This is a strength of IDD, not a deficiency that the upcoming RIS should look to address. National differences in insurance distribution systems allow insurers to meet the needs and expectations of local consumers. It allows NCAs to apply the requirements of the IDD in the most efficient and effective way for their local market, which ultimately results in better consumer outcomes. • There has been significant focus on the differences between the IDD and MiFID. It is crucial to also understand the reasons behind these differences. The Insurance distribution system is fundamentally different from the distribution of banking or 	<p>Commission requested EIOPA to analyse the conduct of business regulatory frameworks in IDD and MIFID II applicable to inducements and not professional standards.</p> <p>EIOPA supports record-keeping requirements relating to the payment/receipt of inducement as this can provide an effective hook for conduct supervision</p> <p>EIOPA has at several stages in its final advice emphasised the diversity and heterogeneity of the insurance distribution market in Europe.</p>
--	---	--

		<p>fund-based products. EIOPA’s report highlights many of the key reasons why this is the case.</p> <ul style="list-style-type: none"> • Specific features of the insurance sector also reflect our specific product offering. My nature, insurance products are very different to other investment products. The following table summarises these key differences. In addition, solvency II rules apply to insurers, but not to other financial services providers It follows therefore, that an insurance product cannot be assimilated in a securities account, and is not a simple purchase with buy/sell orders. Instead IBIPs are a long term component of one’s financial planning. • The EIOPA analysis also demonstrates the significance of small distributors on the structure of the insurance markets, showing that many more SMEs and natural persons are acting in the insurance sector that in other financial services sectors. In contrast, MiFID II obliges rather institutional organisations. In order to safeguard a functioning insurance distribution system which in the end will encourage retail investors to invest their money in European capital markets this difference between both sectors should be maintained. Under the IDD there is no general ban on commission– quite deliberately. The European co-legislators instead decided that the possibility for such a ban should remain as an option for member states. In general, possible harmonisations should always be oriented towards the desired goal and not be envisaged for the sake of harmonisation itself. 	
BETTER FINANCE	Q10	We agree with EIOPA’s analysis and we believe it accurately reflects the differences between the two regulatory frameworks.	Noted
Irish Life Assurance PLC	Q10	<p>For business written in Ireland, the Irish Life Assurance (Provision of Information) Regulations and Consumer Protection Code (‘CPC’) already affords additional protections to consumers which go beyond IDD. These additional protections include, among other things, a requirement under CPC for non-monetary benefits to enhance the quality of the service provided to the consumer.</p> <p>The European Commission should, therefore, have regard to national regulation. We would suggest that, as part of any new proposals, an onus should be placed on</p>	Noted. The scope of national requirements will often be contingent of the level of harmonisation of the EU instrument

		national regulators to ensure that any local requirements do not unnecessarily duplicate or overlap with EU principles or requirements.	
Unipol Gruppo S.p.A.	Q10	<p>Unipol Group agrees with EIOPA’s considerations on the substantial differences between the IDD and MIFID II. However, such differences have been blurred in some Member States due to stricter requirements enacted by national regulations.</p> <p>In fact, in the Italian context, the discipline of incentives related to the distribution of IBIPs is governed by rules substantially equivalent to that of MIFID II, with the aim of providing wider protection for consumers.</p> <p>Therefore, we can state that in Italy there are no material differences in terms of payment / receipt of incentives for the placement of a IBIPs compared to any other financial instrument.</p>	Noted
Dutch Association of Insurers	Q10	<p>Yes. The EIOPA qualitative analysis provides valuable insights that there are material differences between MiFID II and IDD. There seems however to be a misalignment with the EIOPA analysis and the draft advice to the European Commission that there is little evidence of material differences in terms of supervisory outcome between applying the “quality enhancement assessment” in MiFID II and the “no detrimental assessment” in IDD. From the analysis it is not clear on which assumptions and data it is concluded that there is little evidence of material differences. This should be made clear in the final advice.</p>	Noted
France Assureurs (Fédération Française de l'Assurance)	Q10	<p>We agree with the report's findings on the main differences between IDD and MIFID. Nevertheless, we would also point out IDD and MIFID2 govern different products with different distribution methods. By its nature and the particularities of the insurance contract, it is necessary to adopt a sectorial approach. Indeed, the insurance contract is not a trading account. It is not simply a question of purchase orders. The insurance contract is a contract that is based on risk and depends on the duration of human life. It is a long-term savings product that is subject to specific protection measures (for example, in France, the insurer is obliged to reference underlying options supports in unit-linked products that offer sufficient protection of the savings).</p>	Noted, also regarding differences terms of national rules and products on the market. EIOPA did not consider it appropriate to address training and competence requirements in advice, given that the Commission requested EIOPA to analyse the conduct of business regulatory frameworks in IDD and

	<p>The particularity of the life insurance contract is that it offers guarantees, particularly guarantees in the event of death, thus implying the payment of a benefit to a third party beneficiary. The existence of these guarantees also makes it different from other financial products. In addition, solvency II rules apply to insurers, but not to other financial services providers.</p> <p>The distribution modalities are also different. IDD imposes a minimum standard of due diligence for the distribution of IBIPs (demands and needs and appropriateness of the contract).</p> <p>In France, when selling insurance-based investment products, distributors are subject to a duty of advice and must propose a contract that is consistent with the client's demands and needs. They must assess the customer's demands and needs and evaluate the appropriateness of the contract in light of his knowledge, experience, financial situation and investment objectives. This assessment must be formalized through a writing advice given to the client. This advice is not a service provided to the client, but a professional obligation for all distributors. Whereas such an advice is optional in MIFID2.</p> <p>The duty of advice lasts as long as the insurance policy is in force. This is not a « one shot » requirement. The French regulation authority requires that the advice is updated when the policy is significantly changed, adapted according to the evolution of the needs and objectives of the customer and revised as much as needed. This duty of advice implies a formal record of the customer's declarations, their assessment by the distributor, the advice hence delivered and also the motives of such an advice.</p> <p>Furthermore, in France distributors have to inform the consumer about the nature of remuneration which they receive. Since 2019 and "Loi Pacte", clients are informed of the rate of commission retrocessions paid by asset managers to insurance companies and intermediaries,.. Distributors must communicate detailed information specifying, for each underlying fund, the performance gross of fees, the performance net of fees and the fees deducted as a percentage, during a defined period. They must disclose</p>	<p>MIFID II applicable to inducements and not professional standards.</p>
--	--	---

		<p>the proportion of fees that gave rise to retrocessions of commission to insurance intermediaries, delegated managers, or the insurance company during the last financial year.</p> <p>Since an agreement signed on 2nd of February between ministry of finance and the industry, manufacturers and distributors must published from 1st of June 2022 on their website a dashboard on life insurance products costs still on sale. As far as current costs are concerned the dashboard should indicate the proportion of fees that gave rise to retrocession of commission.</p> <p>The goal is that information on costs be available for customer before any subscription.</p> <p>In addition, insurance distributors are also subject to an annual continuing training requirement. This obligation strengthens consumer protection and increases the quality of advice given by distributors.</p> <p>The approach between the two directives is therefore fundamentally different. These elements should be taken into account in the RIS.</p> <p>These differentiating elements demonstrate the strong added value of IDD. Its minimum harmonization approach also allows for the variety of distribution models and consumer expectations at national levels.</p>	
Länsförsäkringar	Q10	<p>The proposal (six) to ban all third-party compensation is very far-reaching and would reshape the entire Swedish market fundamentally. It is difficult to foresee the effects of such a significant change, however, concerns of a potential advice-gap have been raised. The IDD has only been applicable since October 2018. In our opinion it is too early to make fundamental changes in the framework at this stage. There needs to be a broad assessment and impact analysis also from the perspectives of different national markets. When it comes to regulating incentives IDD seems to have led to higher transparency and comparability in the Swedish market. This is probably due to a tradition of strong consumer protection to which Unions collective procurement</p>	Noted

	<p data-bbox="580 320 1563 416">also have contributed. The level of national supervision has probably also led to enhancing consumer protection. Overall, some figures show that the fees for IBIPs have gradually been reduced during the last years in Sweden.</p> <p data-bbox="580 464 1599 703">In IBIPs, incentives are already thoroughly controlled in order to prevent them from having a negative effect on customers. This protective framework deserves to be tested to measure its effectiveness before adopting additional regulatory constraints. If all incentives were to be banned costs and conflicts of interest would probably turn invisible and difficult to supervise. Therefore, from a consumer perspective it would be preferable to keep the IDD model of transparency in combination with the abovementioned strict IDD regime on incentives.</p> <p data-bbox="580 751 1608 991">To summarise we believe that IDD is a modern and flexible regulatory framework, and that the minimum harmonization model has made it possible to adapt to national conditions with different distribution conducts. It is not advisable to benchmark against the UK / NL without making a thorough analysis of the functioning of the various markets within the EU. Regarding the differences in member states, it has to be emphasized that many of the aspects approached in the consultation vary a lot between different member states.</p> <p data-bbox="580 1038 1608 1453">For example, a state's involvement in welfare such as social insurance systems etc. is much higher in Sweden and probably not less in the other Nordic countries. Sweden is also characterized by traditionally high levels of consumer protection with a specially dedicated authority, the Swedish Consumer Agency, and special consumer responsibility for the Swedish Financial Supervisory Authority. The Swedish NSA actively promote and enhance financial literacy in Sweden (https://www.fi.se/sv/konsumentskydd/utbildning/). In addition, there are unique collaborations in the financial markets to protect/support consumers ("Konsumenternas"). Konsumenternas (https://www.konsumenternas.se/) is a non-profit organization that advise consumers on financial markets that has authorities as well as the industry represented on its board. We believe that the financial literacy in the Swedish market could be regarded as generally high. Partly due to the</p>	
--	--	--

		<p>abovementioned circumstances but also since IBIPs are common and well supervised in Sweden. IBIP products are even a small part of the state pension system. The Swedish consumer is therefore well acquainted with products that could be described as more complex in other markets/contexts.</p>	
<p>ASSORETI - Association of intermediaries which provide investment advice service through their network of qualified individual financial advisors.</p>	<p>Q10</p>	<p>With regard to the inducements' regime, we agree with the analysis of difference between IDD and MiFID II outlined by this Authority and we wonder whether a uniform regime could be achieved, by fully aligning IDD with the current MiFID II.</p> <p>This approach, which has already been adopted in the Italian legislation, enhances the IDD protections for customers, standardizes the customers' protection independently of the nature of the product invested (financial instruments or IBIPs) and allows the intermediary to unify the procedures that he adopts in the distribution of these financial products.</p>	<p>Noted</p>
<p>Insurance Ireland</p>	<p>Q10</p>	<p>Insurance Ireland agrees with Insurance Europe's response which notes that differences between IDD and MiFID do not always need to be addressed particularly given the minimum harmonisation principle of IDD and the maximum harmonisation of MiFID. Minimum harmonisation is a strength and not a deficiency of the IDD and this principle allows for NCAs to apply the requirements of IDD in way that is sufficiently tailored to their local market.</p> <p>We believe that the standards in MiFID II were designed to apply to investment products that fall within its scope and IDD was designed to apply to insurance products including IBIPs. MiFID firms cater for more specialised investment contracts than IDD firms and the level of premium attached to MiFID II products tends to be significantly higher than insurance products. It is our strong view that MiFID firms and IDD firms operate on different playing fields because they cater for different target markets.</p> <p>In our market, the vast majority of investment business is written through intermediaries regulated via IDD and the main focus of regulators should be on an</p>	<p>Noted re benefits of minimum harmonisation, but minimum harmonisation also leads to regulatory patchwork across the EU and barriers to cross-border business.</p>

		<p>appropriate IDD implementation, rather than achieving perfect consistency for the limited number of products that may be similar to MiFID investment products.</p>	
<p>BEUC, The European Consumer Organisation</p>	<p>Q10</p>	<p>In 2018, BEUC launched a campaign on the Price of Bad Advice, a web-map of mis-selling scandals to have affected consumers in Europe in the past twenty years. BEUC and its member organisations continue to have concerns about the payment of inducements to insurance intermediaries and undertakings, which can negatively affect the quality and objectivity of advice that is given to consumers. Inducements can incentivise advisers to recommend investment products that earn them a higher fee or commission, but which may not be the most appropriate product for the consumers and can be a driver of unsuitable recommendations to clients.</p> <p>The payment of inducements to financial advisers have played a key role in many recent mis-selling scandals to have affected European consumers. Inducements should be banned under MiFID II and the IDD, which would eliminate conflicts of interests for advisers and ensure that the advice given to consumers is in their best interest. For our full recommendations and rationale for our proposed reforms, please see our position paper on the case for banning commissions in financial advice.</p> <p>In the absence of a full ban, inducement and consumer protection rules under the IDD and MiFID II should be aligned as much as possible, ensuring similar investor protection standards for insurance-based investment products (IBIPs) as are already applicable under MiFID II:</p> <ul style="list-style-type: none"> - Disclosure: Insurance intermediaries and undertakings should be required to disclose the nature and full amount of inducements received in relation to the insurance contract, as investment firms receiving inducements are already required to under MiFID II. - Quality enhancement: Under the IDD, insurance intermediaries or undertakings are permitted to continue receiving inducements so long as these do not have a detrimental impact on the quality of the relevant service to the client. Under MiFID II, investment firms are permitted to continue receiving inducements, so long as these 	<p>Noted and agreed re need for alignment with MiFID II in terms of enhancing disclosure of the full amount of the inducement paid or received.</p>

	<p>are designed so as to enhance the quality of the service provided to the consumer. The IDD and MiFID II rules should be aligned, and insurance intermediaries and undertakings receiving inducements should also be required to provide a quality-enhancing service to their clients. BEUC believes that the quality enhancement criterion under MiFID II is significantly more restrictive than the 'no detrimental impact requirement' under the IDD, and that there are material differences between what is required of intermediaries under the IDD compared to MiFID II. BEUC has called for stricter enforcement of the quality enhancement rules under MiFID II by national competent authorities, as several NCAs including Norway and Denmark have identified issues with the way investment firms comply with these very strict obligations (see our response to Q 8.1 in our response to the EU Retail Investment Strategy).</p> <p>- Independent advice: An independent advice regime should be introduced under IDD comparable to the current rules under MiFID II. Independent advisers under the IDD should not accept and retain fees, commissions or any other monetary benefits by any third parties for the advice provided to consumers. In addition, where advice is given independently, intermediaries should be required to assess a sufficiently large number of insurance products available on the market.</p> <p>In the absence of a ban, BEUC would support several of the potential policy remedies proposed by EIOPA, including (i) introducing caps on the payment/receipt of inducements (ii) introducing commission rebating and/or clawback rules in the event of mis-selling and/or other problems emerging with the IBIP product sold to the consumer (iii) banning the payment/receipt of inducements in case of 'execution-only' sales.</p> <p>Lastly, measures should be adopted under the IDD to ensure that insurance undertakings and intermediaries are not prohibited from passing on inducements to their clients. In Germany, insurance undertakings are specifically prohibited from passing on commissions to clients (either in full, or in part) under the German transposition of the IDD (Section 49b of the Versicherungsaufsichtsgesetz). According</p>	
--	--	--

		<p>to EIOPA's Thematic Review, 25% of undertakings already "pass on, in full, to the policyholder monetary incentives and remuneration received." In Belgium, the FSMA considers it a good practice (p. 44) for insurance undertakings to pass on inducements received from asset management firms directly to clients, or by re-investing them into the underlying investment funds. The IDD should be amended to ensure that insurance intermediaries can pass on (in full, or in part) any inducements received from asset managers.</p>	
<p>ANIA</p>	<p>Q10</p>	<p>We agree with EIOPA's analysis which tends to highlight the heterogeneous nature of the insurance distribution market in Europe, primarily based on the minimum harmonization approach adopted in the IDD, which contrasts with the maximum harmonization approach adopted in MiFID.</p> <p>National differences in insurance distribution systems allow insurers to meet the needs and expectations of local consumers and regulators to apply the IDD requirements in the most efficient and effective way for their local markets, which should result in better results for consumers.</p> <p>Among the main causes of impact of the differences between MiFID II and IDD, the EIOPA consultation paper analyses the issue of inducements and any advantages deriving from the alignment of the two legislations, even if the individual Authorities take note above all of the practical aspects of application of different provisions in the respective national markets where the criteria of "quality improvement" and "no negative impact" can be combined in a completely different way according to the individual national target market. For Italy, for example, the inducement schemes to be paid for the offer of IBIPs products envisage the combination of both requirements.</p> <p>Another topic of comparison highlighted by EIOPA, which we believe to be relevant, is the one concerning the training and professional development regime envisaged by the IDD which is far more rigorous than that envisaged by the MiFID, including a 15-hour minimum requirement even if, in actual facts, many Member States have training requirements that go beyond that. In any case, training represents a strong</p>	<p>Noted. Minimum harmonisation can bring benefits in terms of tailoring to local markets, but also leads to a regulatory patchwork across Europe and the potential for barriers to cross-border business.</p> <p>Regarding training standards, we note that there may be differences between IDD and MIFID II, but the focus of EIOPA's work was on conduct of business rules, rather than professional standards.</p>

		point of IDD and has helped increase the quality of the advice provided to insurance customers.	
ACA	Q10		
Institut des actuaires (France)	Q10		
Spanish Banking Association	Q10	<p>Although we understand that the mandate of the EU Commission seems to be limited to the topic "inducements" we would nevertheless like to make some additional, broader remarks:</p> <p>As EIOPA notes in the example in Annex VI, inducements should not be considered in isolation. We agree that the report highlights the main differences between the MiFID and IDD frameworks from a point of sale perspective. However there are other key differences that have an indirect impact on investor protection.</p> <p>We also understand from the report that EIOPA have considered the possibility of applying the MiFID 'quality enhancement principle' to the insurance market. The report suggests that some NCAs see no difference between the application of the MiFID quality enhancement principle and the IDD concept of no detrimental impact, which suggests there would be minimal value in doing so. While on a general level it is true that both principles can result in the same outcome for consumers, we do not believe that the specific level 2 and 3 requirements on the 'quality enhancement principle' could or should be applied to insurers/insurance distributors. We do not see any value in changing the IDD approach on this point, but if policy makers were minded to do so, it would need to be accompanied by insurance specific principles at level 2/3 that are directly relevant to insurers and to our customers.</p> <p>It is important to note that the findings of the report also reflect the minimum-harmonisation approach taken in the IDD, which contrasts with the maximum harmonisation approach taken in MiFID II. This is a strength of IDD, not a deficiency that the upcoming RIS should look to address. The minimum harmonisation approach allows the necessary flexibility to consider local market structures and consumer behaviour. For example, in some markets, local rules establish mandatory advice for</p>	Noted

	<p>which consumers would not be prepared to pay while, in others, customers are used to accessing financial services without advice but may be willing to pay for this additional service. These differences in consumer expectations need to be reflected in the application of rules at national level.</p> <p>It is crucial to also understand the reasons behind these differences. The Insurance distribution system is fundamentally different from the distribution of banking or fund-based products. EIOPA's report highlights many of the key reasons why this is the case. These differences are reflected not only within the Level 1 texts but even more so on Level 2 and 3. Therefore it is a pity that the Table in the Annex is limited to Level 1 only.</p> <p>A key difference between IDD and MiFID are the interests of customers. The interests of customers that need to be taken into account when designing insurance products following the product oversight and governance arrangements, comprise individual and collective policyholder interests which need to be duly balanced. These interests are best preserved by the basic principles in insurance, in particular the principles of solidarity and mathematical methods. (see BOS EIOPA-CP-16-006_ Consultation Paper on IDD delegated acts.pdf – p.15/171 no.18)</p> <p>The EIOPA analysis also demonstrates the significance of small distributors on the structure of the insurance markets, showing that many more SMEs and natural persons are acting in the insurance sector that in other financial services sectors. In order to safeguard a functioning insurance distribution system which in the end will encourage retail investors to invest their money in European capital markets this difference between both sectors should be maintained. Under the IDD there is no general ban on commission – quite deliberately. The European co-legislators instead decided that the possibility for such a ban should remain as an option for member states. In general, possible harmonisation should always be oriented towards the desired goal of enhancing consumer protection and not be envisaged for the sake of harmonisation itself.</p>	
--	--	--

<p>Bundesarbeitsgemeinschaft zur Förderung der Versicherungsmakler (BFV)</p>	<p>Q10</p>	<p>Die IDD-Regelungen passen zur Beratung und Vermittlung von Versicherungsprodukten, so auch IBIPs, während die Regelungen der MIFID II zum institutionellen Vertrieb passen.</p> <p>Der MIFID II-Grundsatz einer Verknüpfung der Vergütung an eine ‚Qualitätsverbesserung‘ sehen wir mindestens im Versicherungsbereich als nicht als praxisgerecht an. Denn der Verbraucher, der von einem qualifizierten Versicherungsvermittler beraten wird, stellt sich besser als ein Verbraucher, der ohne Beratung ein Produkt abschließt. Insoweit stellt eine Beratung und Vermittlung durch einen qualifizierten Vermittler bereits eine höhere Qualität für den Verbraucher dar. Hier gilt der Grundsatz: Eine qualifizierte Beratung und Vermittlung muss angemessen vergütet werden.</p>	<p>Noted</p>
<p>Insurance Europe</p>	<p>Q10</p>	<p>As noted in Annex VI, inducements should not be considered in isolation. We agree that the report highlights the main differences between MiFID and IDD from a point of sale perspective. However, there are other key differences that have an indirect impact on investor protection. The experiences listed from other jurisdictions demonstrate that the combination of various measures led to positive results. The role played by individual measures cannot be easily isolated.</p> <p>The training regime under IDD is more rigorous than that under MiFID (incl. 15hr requirement). In reality many member states go beyond this. This regime is a strength of IDD and has served to increase the quality of the advice provided to insurance consumers.</p> <p>Differences between IDD and MiFID do not always need to be addressed through further harmonisation. For example, taping requirements under MiFID are an outdated barrier to the digital transition. These should not be transferred to IDD.</p> <p>We also understand that EIOPA have considered the possibility of applying the MiFID ‘quality enhancement principle’ to the insurance market. EIOPA suggests that some NCAs see no difference between the application of ‘quality enhancement’ and the IDD concept of no detrimental impact. This suggests there would be minimal value in</p>	<p>Regarding training standards, we note that there may be differences between IDD and MIFID II, but the focus of EIOPA’s work was on conduct of business rules, rather than professional standards.</p> <p>Regarding record-keeping obligations, we consider these particularly important to ensure an effective hook for conduct supervision by NCAs. EIOPA is not a position to make recommendations to amend MiFID II as it does not fall under EIOPA’s legal competence</p> <p>Minimum harmonisation can bring benefits in terms of tailoring to local markets, but also leads to a regulatory patchwork across Europe and the</p>

	<p data-bbox="577 320 1608 528">doing so. While it is true that the principles can result in the same outcome for consumers, we do not believe that the specific L1/2 requirements on ‘quality enhancement’ could or should be applied to insurance. We do not see any value in changing the IDD approach on this point, but if policy makers were minded to do so, it would need to be accompanied by insurance specific principles at L2/3 that are directly relevant to insurers and our customers.</p> <p data-bbox="577 568 1608 775">Inducements could be a source of conflicts of interests that need to be properly managed but it should not be presumed that inducements produce consumer detriment; there is no evidence in EIOPA’s analysis to support this. Therefore, the ‘quality enhancement’ should not imply an unjustified reversal of the burden of proof, assuming that all inducements are detrimental for consumers unless the insurance intermediary or insurance undertaking is able to prove the opposite.</p> <p data-bbox="577 815 1608 1134">The report reflects the minimum-harmonisation approach taken in the IDD, which contrasts with the maximum harmonisation approach taken in MiFID II. This is a strength of IDD, not a deficiency that the upcoming RIS should look to address. This approach allows the necessary flexibility to consider local market structures and consumer behaviour. In some markets, local rules establish mandatory advice for which consumers would not be prepared to pay while, in others, customers are used to accessing financial services without advice but may be willing to pay for this additional service. These differences in consumer expectations need to be reflected in the application of rules at national level.</p> <p data-bbox="577 1174 1608 1350">It is crucial to also understand the reasons behind the differences. The Insurance distribution system is fundamentally different to the distribution of banking or fund-based products. EIOPA’s report highlights many of the key reasons why this is the case. These differences are reflected not only within the Level 1 texts but even more so on L2/3. Therefore it is a pity that the table in the Annex is limited to Level 1 only.</p> <p data-bbox="577 1390 1608 1453">A key difference between IDD and MiFID are the interests of consumers. These need to be taken into account when designing insurance products following the POG</p>	<p data-bbox="1637 320 2085 376">potential for barriers to cross-border business.</p>
--	--	---

		<p>process. These comprise individual and collective policyholder interests which need to be duly balanced and are best preserved by the basic principles in insurance, in particular the principles of solidarity and mathematical methods (see BOS EIOPA-CP-16-006 p.15/171 no.18).</p> <p>Small distributors are a significant feature of the insurance distribution. Many more SMEs and natural persons are acting in the insurance sector that in other financial services sectors. MiFID II applies to larger, institutional organisations. In order to safeguard a functioning insurance distribution system this difference between both sectors should be maintained. Under the IDD there is no general ban on commission—quite deliberately. The co-legislators instead decided that the possibility for such a ban should remain as an option for member states. In general, possible harmonisation should always be oriented towards the desired goal of enhancing consumer protection and not be envisaged for the sake of harmonisation itself.</p> <p>Specific features of the insurance sector also reflect our product offering. By nature, insurance products are different to other investment products. In addition, solvency II rules apply to insurers, but not to other financial services providers. It follows that an insurance product cannot be assimilated in a securities account, and is not a simple purchase with buy/sell orders. IBIPs are a long term component of one’s financial planning</p>	
VOTUM Verband	Q10	<p>Uns sind keine weiteren Unterschiede bekannt.</p> <p>Die in unserem Verband vertretenen Unternehmen bieten dem Kunden eine ganzheitliche Beratung an (Allfinanzberatung). Dies führt insbesondere dazu, dass bei der Ermittlung einer für den Kunden geeigneten Kapitalanlage oder eines Versicherungsanlageproduktes (IBIP) auf einer identischen Datenerhebung aufgesetzt wird. Die hier von der EIOPA analysierten Unterschiede spielen daher in der Praxis keine maßgebliche Rolle, da ohnehin eine umfassende Analyse der Kundensituation und -bedürfnisse durchgeführt wird.</p> <p>Die aufgezeigten Unterschiede in der Regulierung der Vergütungen sehen wir wie</p>	<p>Noted and particularly useful to know that the identification of a financial instrument or an IBIP that is suitable for the customer is based on identical data collection and that, therefore, the differences analyzed by EIOPA do not play a significant role in practice, since a comprehensive analysis of the customer situation and needs is carried out anyway.</p>

		<p>EIOPA kritisch. Insbesondere die Regelung der MIFID II, nach der Vergütungen nur dann gezahlt werden dürfen, wenn eine Qualitätsverbesserung für den Kunden eintritt, ist nicht praktikabel. Eine Beratung stellt für den beratungsbedürftigen Kunden immer eine Qualitätsverbesserung dar, da sein Informationsstand mit Beratung besser ist als ohne. Eine Qualitätsverbesserung wäre nicht gegeben, wenn die Beratung zum Schaden des Kunden, also gegen seine Interessen, wäre. Insoweit vertreten wird die Auffassung, dass die Regelung der IDD weitaus praxistauglicher ist als die der MIFID II. Sofern EIOPA eine Harmonisierung für IBIP's / Kleinanleger empfiehlt, raten wir zur Übernahme der Regelung der IDD.</p>	
<p>Austrian Federal Economic Chamber, Division Bank and Insurance</p>	<p>Q10</p>	<p>As EIOPA notes in Annex VI, inducements should not be considered in isolation. We agree that the report highlights the main differences between MiFID and IDD from a point of sale perspective. However, there are other key differences that have an indirect impact on investor protection. The experiences listed from other jurisdictions further demonstrate that it is the combination of various measures that has led to positive results. The role played by individual measures cannot be easily isolated.</p> <p>The training and professional development regime under IDD is considerably more rigorous than that under MiFID, including a 15hr minimum requirement. Many member states go beyond this. This regime is a strength of IDD and has served to increase the quality of the advice provided to insurance consumers.</p> <p>Differences between IDD and MiFID do not always need to be addressed through further harmonisation. For example, taping requirements under MiFID are outdated and a barrier to the digital transition. These should not be transferred to IDD.</p> <p>We also understand that EIOPA have considered the possibility of applying the MiFID 'quality enhancement principle' to the insurance market. EIOPA suggests that some NCAs see no difference between the application of 'quality enhancement' and the IDD concept of no detrimental impact. This suggests there would be minimal value in doing so. While it is true that the principles can result in the same outcome for consumers, we do not believe that the specific level 2/3 requirements on 'quality enhancement' could/should be applied to insurers/insurance distributors. We do not</p>	<p>Regarding training standards, we note that there may be differences between IDD and MIFID II, but the focus of EIOPA's work was on conduct of business rules, rather than professional standards.</p> <p>Regarding record-keeping obligations, we consider these particularly important to ensure an effective hook for conduct supervision by NCAs. EIOPA is not a position to make recommendations to amend MiFID II as it does not fall under EIOPA's legal competence</p> <p>Minimum harmonisation can bring benefits in terms of tailoring to local markets, but also leads to a regulatory patchwork across Europe and the potential for barriers to cross-border business.</p>

	<p>see any value in changing the IDD approach on this point, but if policy makers were minded to do so, it would need to be accompanied by insurance specific principles at level 2/3 that are directly relevant to insurers and to our customers.</p> <p>Inducements could be a source of conflicts of interests that need to be properly managed but it should not be presumed that inducements generally produce consumer detriment; there is no evidence in EIOPA's analysis to support this. Therefore, the 'quality enhancement' should not imply an unjustified reversal of the burden of proof, assuming that all inducements are detrimental for consumers unless the insurance intermediary or insurance undertaking is able to prove the opposite.</p> <p>The report also reflects the minimum-harmonisation approach taken in the IDD, which contrasts with the maximum harmonisation approach taken in MiFID II. This is a strength of IDD, not a deficiency that the upcoming RIS should look to address. The minimum harmonisation approach allows the necessary flexibility to consider local market structures and consumer behaviour. In some markets, local rules establish mandatory advice for which consumers would not be prepared to pay while, in others, customers are used to accessing financial services without advice but may be willing to pay for this additional service. These differences in consumer expectations need to be reflected in the application of rules at national level.</p> <p>It is crucial to also understand the reasons behind the differences. The Insurance distribution system is fundamentally different to the distribution of banking or fund-based products. EIOPA's report highlights many of the key reasons why this is the case. These differences are reflected not only within the Level 1 texts but even more so on Level 2 and 3. Therefore it is a pity that the Table in the Annex is limited to Level 1 only.</p> <p>A key difference between IDD and MiFID are the interests of consumers. These need to be taken into account when designing insurance products following the POG process. These comprise individual and collective policyholder interests which need to be duly balanced and are best preserved by the basic principles in insurance, in</p>	
--	--	--

		<p>particular the principles of solidarity and mathematical methods (BOS EIOPA-CP-16-006 p.15/171 no.18).</p> <p>Small distributors are a significant feature of the structure of the insurance markets. Many more SMEs and natural persons are acting in the insurance sector than in other financial services sectors. Under the IDD there is no general ban on commission—quite deliberately. The European co-legislators instead decided that the possibility for such a ban should remain as an option for member states. Possible harmonisation should always be oriented towards the desired goal of enhancing consumer protection and not be envisaged for the sake of harmonisation itself.</p> <p>Specific features of the insurance sector also reflect the specific product offering. By nature, insurance products are different to other investment products. In addition, solvency II rules apply to insurers, but not to other financial services providers. It follows therefore, that an insurance product cannot be assimilated in a securities account, and is not a simple purchase with buy/sell orders. Instead IBIPs are a long term component of one’s financial planning.</p>	
EIOPA IRSG	Q10	<p>The IRSG agrees that EIOPA’s analysis covers the key differences between IDD and MiFID II. Other important differences including training requirements under the IDD could be better highlighted.</p> <p>Some IRSG members believe that the report does not cover the reasons for the differences in enough detail. Insurance and other financial product distribution systems are different, as are the interests of the customers for these different products. This should include taking into account the needs and expectations of national consumers. The MiFID II framework covers a broader diversified market of products and operators. Insurance is not an investment and the IDD and MiFID II therefore necessarily have different rules.</p> <p>Other IRSG members believe that the differences between IDD and MiFID II are without clear justification in many cases. This is supported by analysis conducted on the topic. Differences over independent advice, inducements and disclosure of</p>	<p>Noted. Regarding training standards, we note that there may be differences between IDD and MiFID II, but the focus of EIOPA’s work was on conduct of business rules, rather than professional standards.</p> <p>Minimum harmonisation can bring benefits in terms of tailoring to local markets, but also leads to a regulatory patchwork across Europe and the potential for barriers to cross-border business.</p>

		<p>commissions need to be dealt with to ensure a sufficient and consistent level of consumer protection.</p> <p>Some members share EIOPA’s view that the rules for MiFID and IDD are materially generally rather similar (quality enhancement vs. no detrimental impact) and the practical impact of the different wording translates into limited differences in terms of supervisory outcomes between the two, as observed by NCAs.</p>	
BIPAR	Q10	<p>The focus here should not be on the differences in isolation but on the overall framework of existing measures and requirements. MiFID II architecture is overall focusing on a much broader and more diversified market and operators. The IDD IBIPs chapter is designed for the purpose in combination with more general rules in the IDD.</p> <p>Insurance is not investment – The existing differences between MiFID and IDD are needed to reflect the differences between the distribution of insurance and investment products. A full alignment between MiFID and IDD is not recommendable nor necessary. The existing training requirements in IDD are important. This should be better highlighted in EIOPA’s paper.</p> <p>In its paper, EIOPA analyses, both from a regulatory and supervisory perspective, the impact of the regulatory treatment of inducements (level 1), and in particular the following two provisions: the MIFID II quality enhancement test and the IDD “no detrimental impact” test.</p> <p>EIOPA explains that the “quality enhancement” criterion might imply more positive action to be taken by the investment firm to comply with the criterion and that some NCAs have indicated the fact that there is little evidence to date of material differences in terms of supervisory outcomes between applying the “quality enhancement” criterion and the “no detrimental impact” criterion.</p> <p>BIPAR believes that the differences between the two provisions are justified and should remain so.</p>	Noted. Regarding training standards, we note that there may be differences between IDD and MIFID II, but the focus of EIOPA’s work was on conduct of business rules, rather than professional standards.

It is to be reminded that the concept of detrimental impact was introduced in the IDD at the trilogue level. The Council had first proposed introducing “quality enhancement” criterion in the IDD IBIPs chapter, but during the trilogue, this was not supported by a majority of Member States that considered that it was not clear what was meant by “enhance the quality” criterion, that this could lead to legal uncertainty and that criteria should be more objective in nature.

The concept was therefore changed into the “detrimental impact” concept, seen as more fit for the insurance context.

The IDD- rules are more recent and offer additional layer of protection of the consumer such as the fact that even in execution only situations a demands and needs test is required.

On p 47, point 122, EIOPA states that MiFID II refers to inducements as examples of conflicts of interest, adding that this is not the case in the IDD but “ while it would be beneficial for the IDD Level 1 text to explicitly refer to inducements as an example of type of conflict of interest that needs to be managed by insurance distributors, the fact that there is no explicit reference in the IDD should not be seen as a barrier to inducements being considered as causing conflicts of interest that are damaging to the best interests of customers”.

It is to be reminded here that besides the subject of conflicts of interest, the IDD contained a distinct competence to issue a delegated act to specify the criteria for assessing whether inducements paid or received by an intermediary or an insurer have a detrimental impact on the quality of the relevant service to the customer and, beyond that, comply with the obligation of the intermediary or insurer to act honestly, fairly and professionally in accordance with the best interests of the customer (see Art. 29 (4) IDD). In line with this, the IBIPs Regulation takes up the subject of inducements separate from the subject of conflicts of interest in an article of its own (see Art. 8 IBIPs Regulation).

Assuralia	Q10	<p>We agree that the report highlights the main differences between the MiFID and IDD frameworks from a point-of-sale perspective. Moreover, according to our understanding, IDD represents well the specificities of insurance products, which by nature, are different product from other financial services, they aren't a simple purchase. These specificities justify that IDD does not proceed a maximum harmonization (insurance contracts are long-term savings, based to SII rules).</p> <p>The minimum-harmonization approach taken in the IDD, which contrasts with the maximum harmonization approach taken in MiFID is a strength of IDD, not a weakness that the upcoming RIS should look to address. National differences in insurance distribution systems allow insurers to meet the needs and expectations of local consumers. It allows NCAs to apply the requirements of the IDD in the most efficient and effective way for their local market, which ultimately results in better consumer outcomes.</p> <p>There has been significant focus on the differences between the IDD and MiFID. It is crucial to also understand the reasons behind these differences. The Insurance distribution system is fundamentally different from the distribution of banking or fund-based products. EIOPA's report highlights many of the key reasons why this is the case. These differences are reflected not only within the Level 1 texts but even more so on Level 2 and 3.</p> <p>We also understand from the report that EIOPA have considered the possibility of applying the MiFID 'quality enhancement principle' to the insurance market. The report suggests that some NCAs see no difference between the application of the MiFID quality enhancement principle and the IDD concept of no detrimental impact, which suggests there would be minimal value in doing so. While on a general level it is true that the principles can result in the same outcome for consumers, we do not believe that the specific level 2 and 3 requirements on the 'quality enhancement principle' could or should be applied to insurers/insurance distributors. We do not see any value in changing the IDD approach on this point, insurers and intermediaries have spent large efforts in implementing the detrimental impact regime under IDD,</p>	<p>Noted. Regarding training standards, we note that there may be differences between IDD and MIFID II, but the focus of EIOPA's work was on conduct of business rules, rather than professional standards.</p> <p>Noted re minimum harmonisation, this can bring benefits in terms of tailoring to local markets, but also leads to a regulatory patchwork across Europe and the potential for barriers to cross-border business.</p>
-----------	-----	--	--

		<p>which has already proven its benefits in protecting the customer’s interests and managing conflict of interests, and is working very well within the insurance business.</p> <p>The EIOPA analysis also demonstrates the significance of small distributors on the structure of the insurance markets. It should also be noted that the training and professional development regime under IDD is considerably more rigorous than that under MiFID, including a 15hr minimum requirement. This regime is a strength of IDD and have served to increase the quality of the advice provided to insurance consumers. It should also be noted that differences between IDD and MiFID do not always need to be addressed through further harmonization. In contrast, MiFID II obliges rather institutional organizations. In order to safeguard a functioning insurance distribution system which in the end will encourage retail investors to invest their money in European capital markets this difference between both sectors should be maintained. Under the IDD there is no general ban on commission– quite deliberately. The European co-legislators instead decided that the possibility for such a ban should remain as an option for member states. In general, possible harmonization should always be oriented towards the desired goal and not be envisaged for the sake of harmonization itself.</p>	
Italian Banking Association	Q10	<p>Italian Legislation extended the MiFID II provisions on inducements to the distribution of IBIPs. Therefore, no differences between IDD and MiFID II can be traced in our country.</p> <p>Having said that and considering that the Retail Investment Strategy entails the possibility to strengthen the MiFID II provisions on inducements (included the possibility to introduce a total ban of inducements), we believe it is important to point out the following points:</p> <ul style="list-style-type: none"> • the commission-based model offers qualified, regulated investment advice to “everyone”, including people with smaller or medium assets. This is possible due to the mutualisation of costs supported by the model itself. It also does not consider any threshold of investible assets; 	Noted.

	<ul style="list-style-type: none"> • a ban on inducements would mean that investment advice is only available “for a fee”. Most investors are neither able nor willing to afford such advice. The immediate result of a commission ban would therefore be an “advice gap” for retail investors and the consequent lower access to capital markets; • a ban on inducements would not only deprive the investor from having the choice between the two cost models but would also exclude a large part of European investors from getting additional services. Today, these added value services are (partially) funded by distributor’s commission income, pursuant to the quality enhancement requirements. They include, for instance, annual suitability assessments, tools to enable investment decisions (including on-line information tools), free access to market data and financial analytics as well as tracking tools for real-time asset monitoring. Financial institutions also offer a wide and varied catalogue of financial instruments to be made available to clients, including third party products. Shifting to the fee-based model through a ban on inducements could mean that retail investors – or at least those with limited savings - would no longer receive the enhanced or additional services with which they are currently provided in the commission-based model; • under the commission-based model, banks have implemented high-quality conflict-of-interest management policies to cope with potential conflicts of interest. Sales processes have been optimized to ensure compliance with the investment firm's duty to act honestly, fairly and professionally in accordance with the best interests of the clients. To achieve this, financial institutions properly identify and manage potential conflicts of interest, ensure transparency through the disclosure of costs and commissions to the client, set clear remuneration policies, and strengthen their internal governance framework; • last but not least, it is worth noticing that retail clients attribute value to personal investment advice. 	
--	--	--

		<p>We therefore agree with EIOPA that there is no one single all-encompassing solution in this area and that a combination of different options could bring specific benefits.</p>	
<p>AGEA (French association of general insurance agents)</p>	<p>Q10</p>	<p>Agea would like to stress again the need to preserve the specificities of insurance, compared to financial investment products sold by banks. The specificities of insurance are: the functioning of the life insurance contract (beneficiary clauses, surrendering, terms for additional contributions), estate planning benefits and tax advantages.</p> <p>The observation according to which the legal categorization of independent advice is not fully satisfactory should prevent the application of a similar logic within IDD. The principles contained in the IDD remain beneficial and may still be perfected in their implementation, for instance by integrating sustainability in advice obligations. Those principles meet customers' expectation and customer protection needs. It would be advisable not to modify the IDD.</p> <p>Moreover, the IDD approach, which is based on minimal harmonization, appears to be still relevant. Indeed, and as suggested by the consultation paper, the IBIP distribution market in Europe is influenced by national specificities. Consequently, it appears relevant to maintain a minimal harmonization approach in the IDD, unlike the Markets in Financial Instruments directive which gives less space for Member-State adaptations. Member-States should be able to adapt the legislation applicable to them, in a sense that proves beneficial to the consumer.</p> <p>In France, two initiatives may be pointed out:</p> <ul style="list-style-type: none"> - The Loi "Pacte" (Law n°2019-486, March 22nd 2019: Action plan for business growth and transformation) - The February 2nd agreement between the Ministry of the Economy and the sector on fees transparency. <p>European legislation based on maximum harmonization would undermine these</p>	<p>Noted</p>

		national initiatives which prove beneficial to the client. In our view, such a development is not advisable.	
ANASF	Q10	We agree with EIOPA's analysis.	Noted
Austrian Insurance Association (VVO)	Q10	<p>As EIOPA notes in Annex VI, inducements should not be considered in isolation. We agree that the report highlights the main differences between MiFID and IDD from a point of sale perspective. However, there are other key differences that have an indirect impact on investor protection. The experiences listed from other jurisdictions further demonstrate that it is the combination of various measures that has led to positive results. The role played by individual measures cannot be easily isolated. The training and professional development regime under IDD is considerably more rigorous than that under MiFID, including a 15hr minimum requirement. In reality many member states go beyond this. This regime is a strength of IDD and has served to increase the quality of the advice provided to insurance consumers. Differences between IDD and MiFID do not always need to be addressed through further harmonisation.</p> <p>We also understand that EIOPA have considered the possibility of applying the MiFID 'quality enhancement principle' to the insurance market. EIOPA suggests that some NCAs see no difference between the application of 'quality enhancement' and the IDD concept of no detrimental impact. This suggests there would be minimal value in doing so. While it is true that the principles can result in the same outcome for consumers, we do not believe that the specific level 2 and 3 requirements on 'quality enhancement' could or should be applied to insurers/insurance distributors. We do not see any value in changing the IDD approach on this point, but if policy makers were minded to do so, it would need to be accompanied by insurance specific principles at level 2/3 that are directly relevant to insurers and to our customers.</p> <p>Inducements could be a source of conflicts of interests that need to be properly managed but it should not be presumed that inducements generally produce consumer detriment; there is no evidence in EIOPA's analysis to support this. Therefore, the 'quality enhancement' should not imply an unjustified reversal of the burden of proof, assuming that all inducements are detrimental for consumers unless</p>	<p>Noted. Regarding training standards, we note that there may be differences between IDD and MIFID II, but the focus of EIOPA's work was on conduct of business rules, rather than professional standards.</p> <p>Noted re minimum harmonisation, this can bring benefits in terms of tailoring to local markets, but also leads to a regulatory patchwork across Europe and the potential for barriers to cross-border business.</p> <p>Under POG rules in both IDD and MIFID II, the interests of consumers/investors need to be taken into account in the design of products</p>

	<p>the insurance intermediary or insurance undertaking is able to prove the opposite. The report also reflects the minimum-harmonisation approach taken in the IDD, which contrasts with the maximum harmonisation approach taken in MiFID II. This is a strength of IDD, not a deficiency that the upcoming RIS should look to address. The minimum harmonisation approach allows the necessary flexibility to consider local market structures and consumer behaviour.</p> <p>It is crucial to also understand the reasons behind the differences. The Insurance distribution system is fundamentally different to the distribution of banking or fund-based products. EIOPA's report highlights many of the key reasons why this is the case. These differences are reflected not only within the Level 1 texts but even more so on Level 2 and 3. Therefore it is a pity that the Table in the Annex is limited to Level 1 only.</p> <p>A key difference between IDD and MiFID are the interests of consumers. These need to be taken into account when designing insurance products following the POG process. These comprise individual and collective policyholder interests which need to be duly balanced and are best preserved by the basic principles in insurance, in particular the principles of solidarity and mathematical methods (see BOS EIOPA-CP-16-006 p.15/171 no.18).</p> <p>Small distributors are a significant feature of the structure of the insurance markets. Many more SMEs and natural persons are acting in the insurance sector than in other financial services sectors. MiFID II applies to larger, institutional organisations. In order to safeguard a functioning insurance distribution system this difference between both sectors should be maintained. Under the IDD there is no general ban on commission— quite deliberately. The European co-legislators instead decided that the possibility for such a ban should remain as an option for member states. In general, possible harmonisation should always be oriented towards the desired goal of enhancing consumer protection and not be envisaged for the sake of harmonisation itself.</p>	
--	---	--

		<p>Specific features of the insurance sector also reflect our specific product offering. By nature, insurance products are very different to other investment products. In addition, solvency II rules apply to insurers, but not to other financial services providers. It follows therefore, that an insurance product cannot be assimilated in a securities account, and is not a simple purchase with buy/sell orders. Instead IBIPs are a long term component of one's financial planning.</p>	
<p>Bund der Versicherten (BdV - German Association of Insured)</p>	<p>Q10</p>	<p>Yes, we agree with EIOPA's analysis (especially no. 119-125, p. 46-48 of CP). With regard to the different wording in MIFID II and IDD relating to inducements and conflict of interest, we nevertheless stress the necessity of aligning the IDD requirement ("no detrimental impact") to the stricter wording of MIFID II ("enhancement of quality of advice"), even though it is difficult to find empirical examples. IBIPs are investment products like any other "packaged" retail investment products, and that is why they are submitted all together to the same PRIIPs regulation since 2014. In consequence there is no substantial reason why there should be any difference in the judicial requirements of IDD and of MIFID II for the obligation of inducements not to create any conflicts of interest. Additionally we refer to the announcements of BaFin ("BaFin-Aufsichtsschwerpunkte 2021", Mai 2021) to strictly analyse the importance of inducements in the light of IDD-conform distribution of life-insurances, as this has already been done in 2017 and 2019 for payment protection insurances.</p>	<p>Noted</p>
<p>Fédération Bancaire Française</p>	<p>Q10</p>	<p>Yes, we welcome this analysis of differences between IDD and MIFID II which seems to be exhaustive.</p> <p>Nevertheless, we would also point out that IDD and MIFID 2 govern different products with different distribution methods. By its nature and the particularities of the insurance contract, it seems to be necessary to adopt a sectorial approach.</p> <p>Indeed, the insurance contract is not a financial instruments account (It is not simply a question of orders on financial instruments). The insurance contract is based on risk and depends on the duration of human life. It is a long-term savings product that is subject to specific protection provisions (for example, in France, the insurer is obliged</p>	<p>Noted</p>

		<p>to reference supports in units of account that offer sufficient protection of the savings).</p> <p>The distribution terms are also different. IDD imposes a minimum standard of due diligence for the distribution of IBIPs (demands and needs and appropriateness of the contract).</p> <p>Under French law, an insurance contract can only be marketed in the context of an advice service and inducements paid on IBIPS by insurance undertakings to distributors have to be disclosed ex post.</p>	
<p>Gesamtverband der Deutschen Versicherungswirtschaft e. V.</p>	<p>Q10</p>	<p>We appreciate that EIOPA underlined, beyond the EC’s focus on inducements, the differences between maximum- and minimum harmonisation. We agree, that both legal frameworks allow for stricter rules under national implementation. Regarding this, the IDD allows more freedom for the Member States to better reflect the different needs and expectations of local consumers, the national specifics of insurance markets and products, which ultimately result in better consumer outcomes. It is crucial to understand the reasons behind the differences between IDD and MiFID. Under the IDD there is no general ban on commission– quite deliberately.</p> <p>The European co-legislators instead decided that the possibility for such a ban should remain as an option for member states. In general, possible harmonisations should always be oriented towards the desired goal and not be envisaged for the sake of harmonisation itself. The insurance distribution system is fundamentally different from the distribution of banking or fund-based products.</p> <p>EIOPA’s report highlights many of the key reasons why this is the case. These differences are reflected not only within Level 1 texts but even more on Level 2 and 3. Therefore it is a pity that the table in the Annex is limited to Level 1 only. To safeguard a functioning insurance distribution system which in the end will encourage retail investors to invest their money in European capital markets this difference between both sectors should be maintained.</p>	<p>Noted re minimum harmonisation, this can bring benefits in terms of tailoring to local markets, but also leads to a regulatory patchwork across Europe and the potential for barriers to cross-border business.</p> <p>Due to lack of time, it was not feasible for EIOPA to address deeper comparisons between MiFiD II and IDD at Level 1 and Level 2, but the expectation is that the external study commissioned by the Commission will analyse this in further detail. In any event, due to the fact that there are some divergences in language at Level 1 already between IDD and MiFID II, this has, by its nature, lead to differences between the Level 2 texts, meaning that any comparison made at this level, may well be less meaningful ultimately.</p>

	<p>Some NCAs indicate, that there is little evidence in material differences in terms of supervisory outcomes between applying the "quality enhancement" and "detrimental impact" criterion. Under this assumption, there is no need to harmonize in this area. Because the implementation efforts would be enormous and ultimately to be borne by the consumers without creating any benefit.</p> <p>It is key to note that within the Level 1 texts it seems to be a semantic difference only, but on Level 2 and 3, where the concrete criteria of detrimental impact and quality enhancement are lined out, the differences show up. These differences help reflect the specifics of the different sectors. Consequently, we do not believe that the specific level 2 and 3 requirements on the 'quality enhancement principle' could or should be applied to insurance distributors. Hence, a "copy-paste" from MiFID should be avoided. We do not see any value in changing the IDD approach on this point.</p> <p>Knowing that the mandate of the EU Commission seems to be limited to the topic "inducements" we nevertheless want to flag some additional remarks:</p> <ul style="list-style-type: none"> • EIOPA's example in Annex VI shows that inducements should not be considered isolated. The experiences listed from other countries prove that the combination of different measures led to positive results. Whether other measures than a ban would have been sufficient without the ban is conceivable but was not investigated. Effective means to strengthen consumer confidence and the quality of advice are also education and training for distributors. In this respect, the IDD is more concrete than MiFID II. IDD requires at least 15 hours of professional training or development per year for insurance intermediaries and employees involved in insurance distribution. The same applies to the demands & needs-test from Article 20(1) IDD, which must be carried out for all insurance products, even for "execution-only" sales. Firms in the scope of MiFID II only need to comply with the suitability- and appropriates assessment. • MiFID II requires the so-called "taping". That is the obligation to store any electronic sales processes (e.g., e-mail conversation) and record any distribution activity by phone. The taping and record-keeping requirements within MiFID II are not practical 	<p>Regarding training standards, we note that there may be differences between IDD and MIFID II, but the focus of EIOPA's work was on conduct of business rules, rather than professional standards.</p>
--	---	--

		and excessively burdensome, particularly for hybrid distribution models. It has the potential to impair the confidentiality of communication between insurers, intermediaries, and clients, to raise data privacy concerns for consumers, hampers the use of digital distribution tools, and causes high costs. Therefore, different stakeholders are in favour of deleting the provision from MiFID II. The IDD pragmatic approach, which does not foresee such burdensome documentation and storage obligations, should be maintained.	
ING Bank NV	Q10	Yes we agree. There are no other differences identified by us.	Noted
Bundesverband Deutscher Vermögensberater	Q10	<ul style="list-style-type: none"> • Wir finden die Analyse der Unterschiede von IDD- und MiFID II-Regelungen hilfreich und sehr gut ausgearbeitet. Wichtig wäre es aber, schon an dieser Stelle, darauf hinzuweisen, dass es hier um Regelungsregime gänzlich unterschiedlicher Produkte geht, die es rechtfertigen auch in jeweils unterschiedlichen Richtlinien reguliert zu werden. Wir haben zahlreiche unterschiedliche Anforderungen an Bank- oder Versicherungsprodukte. Diese finden sich auch in der unterschiedlichen normativen Ausgestaltung in der MiFID II und der IDD nebst nationaler Umsetzung wieder. Da eine fondsgebundene Lebensversicherung ein gänzlich anderes Produkt darstellt und andere Risiken abdeckt als beispielsweise ein Fondssparplan, bedarf es natürlich auch unterschiedlicher Rechtsregime. • Die aufgezeigten Unterschiede in der Regulierung der Vergütungen sehen wir wie EIOPA kritisch. Insbesondere die Regelung der MIFID II, nach den Vergütungen nur dann gezahlt werden dürfen, wenn eine Qualitätsverbesserung für den Kunden eintritt, ist nicht praktikabel. Eine Beratung stellt für den beratungsbedürftigen Kunden immer eine Qualitätsverbesserung dar, da sein Informationsstand mit Beratung besser ist als ohne. Eine Qualitätsverbesserung wäre nicht gegeben, wenn die Beratung zum Schaden des Kunden, also gegen seine Interessen gerichtet wäre. Insoweit vertreten wir die Auffassung, dass die aktuelle Regelung der IDD weitaus praxistauglicher ist als die der MIFID II. Sofern EIOPA eine Harmonisierung von MIFID II und IDD für Kleinanleger empfiehlt, raten wir diesbezüglich zur Übernahme der Regelung der IDD. • MiFID II verlangt das sogenannte Taping - also die telefonische Aufzeichnungspflicht 	Noted

		<p>der Beratung. Diese ist für unsere Verbandsmitglieder extrem aufwendig und hat eine verheerende Akzeptanz beim Kunden. Das Taping führt als besonders behindernde Regelung sogar dazu, dass es Kleinanleger oftmals generell vom Investment in Kapitalmärkte abhält. Auch bei Banken führte es zu einem bedeutenden Rückgang der Beratungen. Den Medien war schon 2019 zu entnehmen, dass sich in Deutschland das Bundesministerium der Finanzen gegen die aktuelle Regulierung des Tappings ausspricht. Deswegen fordern wir, Kunden sollen zukünftig auf eigenen Wunsch hierauf verzichten können! Zumal unsere Verbandsmitglieder gar keine Order nach deutschem Recht ausführen dürfen; hierzu findet ein gesonderter Termin statt, der seinerseits dokumentiert werden muss. Das Taping hindert deutlich das Vermittlungsgeschäft und der IDD-Ansatz, auf eine solche extreme Behinderung im Vermittlungsprozess zu verzichten, sollte beibehalten werden. Wenn es das primäre Ziel der Kleinanlegerstrategie ist, Privatkunden den Zugang zum Kapitalmarkt zu erleichtern, dann ist das Taping in seiner heutigen Form extrem kontraproduktiv. Es behindert in abschreckender Form den Marktzugang!</p> <ul style="list-style-type: none"> • Mit Blick auf die nachfolgenden Fragen 11 und 12 in diesem Kapitel warnen wir davor, weitere regulatorische Hürden aufzubauen, die es dem Privatanleger erschweren, in aktienbasierte Anlagen zu investieren. Im Gegenteil, man müsste zuerst die aktuellen Regelungen der IDD und der MiFID II - in ihrer jeweiligen nationalen Umsetzung - einmal in Ruhe bewerten. Schon bei der EIOPA-Konsultation vom Februar 2021 (Fristende) hat sich gezeigt, dass der Bewertungszeitraum, um zu überprüfen, ob die regulatorischen Maßnahmen ihren beabsichtigten Zweck erfüllt haben, mit knapp drei Jahren - nach erfolgter deutscher Umsetzung - viel zu gering war, um aussagekräftige Bewertungen vornehmen zu können. Erschwerend kommt hinzu, dass in anderen EU-Mitgliedstaaten die IDD teilweise sehr viel später in nationales Recht umgesetzt wurde. 	
Actuarial Association of Europe	Q10		
Die Deutsche Kreditwirtschaft	Q10		

Allianz SE	Q10	<p>As noted by EIOPA, IDD and MiFID differ in respect to the level of harmonization, with the former aimed at minimum harmonization and the latter conversely at maximum harmonisation, hence limiting the scope of national differences.</p> <p>The principles-based approach of IDD is well-suited to address the heterogeneous nature of the insurance distribution market in Europe and the current framework enables to address potential remuneration issues effectively.</p> <p>As also observed by EIOPA, while the language employed in MiFID is formally different from that of IDD e.g. different premises of “quality enhancement” in MiFID and “detrimental impact” in IDD, the practical impact of the different wording translates in limited differences in terms of supervisory outcomes between the two, as observed by NCAs (see §125 of the consultation paper).</p> <p>Allianz shares the view that the rules for MiFID and IDD are materially generally rather similar (quality enhancement vs. no detrimental impact) and have worked well over the last years. If any alignment is sought, it should be to switch the stricter quality enhancement rule to the no detrimental impact rule since this seems sufficiently strict.</p>	Noted.
FECIF	Q10	<p>We are not aware of any other differences.</p> <p>The companies represented in our associations offer the client, holistic advice. This leads, in particular, to the fact that the determination of a suitable capital investment or insurance investment product (IBIP) for the customer is based on identical data collection. The differences analysed here, by EIOPA, therefore do not play a significant role in practice, since a comprehensive analysis of the customer's situation and needs is carried out anyway.</p>	Noted that the practical day-to-day application of MiFiD II and IDD rules, is not hugely different
Sparbanken Skåne AB (publ)	Q10	We agree with this analysis	Noted

VOTUM Verband	Q10	<p>We are not aware of any other differences.</p> <p>The companies represented in our association offer the client holistic advice (allfinanz advice). This leads in particular to the fact that the determination of a suitable capital investment or insurance investment product (IBIP) for the customer is based on an identical data collection. The differences analysed here by EIOPA therefore do not play a significant role in practice, since a comprehensive analysis of the customer's situation and needs is carried out anyway.</p>	<p>Noted that the practical day-to-day application of MiFiD II and IDD rules, is not hugely different</p>
Bundesverband Deutscher Versicherungskaufleute	Q10- Q12	<p>hat die Auswirkungen der Unterschiede in der Regulierung von Anreizen zwischen MiFiD II und der IDD analysiert. EIOPA kommt zu dem Ergebnis, dass es wichtige Unterschiede, insbesondere auf der Ebene der Offenlegung von Anreizen und zur Beschränkung der Zahlung und/oder Entgegennahme von Anreizen in der MiFiD II im Vergleich zur IDD gibt und hält eine Angleichung der Rechtsvorschriften für vorteilhaft.</p> <p>Hierzu gibt EIOPA verschiedene Optionen vor, die von einem kompletten Provisionsverbot bis hin zu abgeschwächten Variationen reichen. Der BVK ist grundsätzlich der Auffassung, dass eine unterschiedliche Behandlung in beiden Bestimmungen gerechtfertigt ist, da Versicherungen grundsätzlich nicht mit Anlageprodukten zu vergleichen sind.</p> <p>Wir sind auch der Meinung, dass die IDD-Vorschriften zu diesem Thema, die im Übrigen neueren Datums sind als die Regelungen in der MiFiD II, einen ausreichenden Schutz des Verbrauchers bieten, da eine Bedarfs- und Bedürfnisprüfung sowie ein Verbot von Sondervergütungen vorgesehen sind.</p> <p>Bewertet man die verschiedenen von EIOPA vorgeschlagenen Optionen, so würde der BVK die Option 1 bevorzugen, wonach eine Verfeinerung der bestehenden Regeln in der IDD durch die bestehende Stufe 2 geboten ist.</p>	<p>Noted, the options of maintaining the existing regulatory framework has now been included in the advice for the sake of completeness, but EIOPA nevertheless considers there is a need for improvements the current rules on inducements.</p>

	<p>Wir stimmen mit EIOPA darin überein, dass eine weitere Regulierung auf Stufe 2 für die nationalen Aufsichtsbehörden, die die Anforderungen bereits auf nationaler Ebene in ihren Gesetzen verankert haben, schneller und einfacher umzusetzen ist.</p> <p>Damit wäre keine weitreichende Reform des Marktes auf EU-Ebene erforderlich. Wir sind auch der Auffassung, dass nunmehr ein Bedarf an regulatorischer Stabilität besteht, damit der derzeitige Rahmen genutzt werden kann, um die Ziele der Capital Market Union und den Vertrieb von nachhaltigen Produkten zu fördern. Ein erneutes Eingreifen in die erst kürzlich geänderten Rahmenbedingungen würde zu einer unverhältnismäßigen Unsicherheit am Markt führen, zumal der Vertrieb von nachhaltigen Produkten den Markt schon ausreichend belasten wird.</p> <p>Die Aufsichtsbehörden sollten nur dort eingreifen, wo es notwendig ist. Die IDD hat einen klaren Rechtsrahmen in Bezug auf die Vergütung von Vermittlern geschaffen, der den Aufsichtsbehörden die Möglichkeit gibt, in einzelnen Situationen, in denen die Regeln nicht eingehalten werden, einzugreifen. Im Übrigen haben wir derzeit keine Hinweise darauf, dass diese Regelungen unzureichend sind. Auch der jährliche Bericht des Ombudsmanns gibt hierzu keinen Anlass zur Kritik.</p> <p>Der Vermittler, der mit dem Endverbraucher in Kontakt steht, erfüllt eine spezifische und notwendige Rolle, wenn der Verbraucher beschließt, einen Vermittler in Anspruch zu nehmen.</p> <p>Die Vergütung des Vermittlers ist transparent und bereits stark reguliert. Auch bietet der derzeitige Rechtsrahmen die Wahl zwischen verschiedenen Geschäftsmodellen und für den Verbraucher die Möglichkeit, auf transparenter Basis die Leistung eines Vermittlers in Anspruch nehmen zu können.</p> <p>Wir sind der Auffassung, dass das provisionsbasierte System im Allgemeinen zu einem breiten Zugang zu Beratungen und Empfehlungen führt.</p>	
--	---	--

		<p>Im Gegenteil haben Untersuchungen in der Vergangenheit gezeigt, dass ein Wechsel zu einer ausschließlichen Honorarberatung für breite Bevölkerungskreise gravierend nachteilig wäre. Vor allem Verbraucher mit geringen und mittleren Anlagebeträgen würden durch die Honorarberatung von der Beratung abgeschnitten, da sie zu teuer wäre. Eine freie Wahl zwischen Beratung auf Provisions- oder Honorarbasis ist daher ein Garant für ein funktionierendes Finanz- und Anlagesystem und muss daher bestehen bleiben.</p> <p>Wir sind des Weiteren der Meinung, dass bei versicherungsbasierten Anlageprodukten alle Kosten, die sich auf die Rendite der Anlage auswirken können, transparent gemacht werden müssen, und zwar auf der Grundlage gleicher Wettbewerbsbedingungen, um einen fairen Wettbewerb zu gewährleisten. Genau dieses leisten die derzeitigen Regelungen in der IDD.</p> <p>Alle weiteren Optionen sind für uns nicht nachvollziehbar. Im Übrigen vermissen wir die Option, alles ggf. auch so zu belassen wie es derzeit ist. Auch dieses wäre sicherlich eine Option.</p>	
Question 11: Do you have any views on EIOPA's analysis of the structure of different distribution models for the sale of IBIPs in the EU?			
Polish Chamber of Insurance	Q11	<ul style="list-style-type: none"> • EIOPA is right to highlight the diversity of European insurance markets and distribution models for IBIPs. It is also correct to highlight the improvements in transparency of inducement models brought about by IDD. We would like to reiterate that IDD is a minimum-harmonisation Directive and as such provides a baseline level of transparency, many countries have national rules that go beyond those in IDD. • Regarding specific distribution models, we would like to highlight the role of mandatory advice in some markets. In markets where this requirement exists, it is considered a key consumer protection tool, ensuring consumers have full knowledge of the contract they are about to enter into. Where advice prior to the sale of an IBIP is mandatory, this advice is usually financed through commission, as any other funding model results in a requirement that consumers pay directly for advice upfront. This would restrict access to financial services product severely for those unwilling or unable to pay directly for advice. 	Noted

		<ul style="list-style-type: none"> • The commission-based distribution model, which is currently the system for the distribution of insurance in Poland, empowers customers to obtain unlimited advice free of charge before the conclusion of an insurance contract, because the advice is pre-financed by existing customers, i.e. the community of insured. This collective element of solidarity is one of the strengths of the commission system making advice affordable and barrier-free for all groups of society. • Potential new customers do not incur any costs prior to signing the contract and this allows prospective consumers to shop around and receive advice from more than one distributor without being required to repeatedly pay for the advice. Potential clients thus obtain comprehensive information and advice, which is particularly important in member states with lower levels of general financial literacy. Otherwise a possible advice gap would emerge, which means less informed consumers. This is the opposite of what the EC intends with their targets on financial education and could restrict rather than encourage access to financial markets for many customers. 	
BETTER FINANCE	Q11	We agree with EIOPA on the analysis of the different distribution models for IBIPs, but we believe that quantitative data (market shares, types of underlying investments favoured, value of inducements, list of products for which commissions are received) would be very helpful in obtaining a clear picture of the market, both from a consumer and supervisory perspective.	Noted. Unfortunately, EIOPA is not in a position to provide more granular quantitative data due to the lack of harmonised reporting standards for NCAs at EU level.
Irish Life Assurance PLC	Q11	<p>For business written in Ireland, distribution costs (commission and inducements) are already robustly regulated and supervised through the Irish Life Assurance (Provision of Information) Regulations and Consumer Protection Code.</p> <p>The European Commission should, therefore, have regard to national regulation. We would suggest that, as part of any new proposals, an onus should be placed on national regulators to ensure that any local requirements do not unnecessarily duplicate or overlap with EU principles or requirements.</p>	Noted
Unipol Gruppo S.p.A.	Q11	Unipol agrees with EIOPA's observations regarding the structure of different distribution models for the sale of IBIPs in EU. Given the heterogeneity of distribution	Noted. Minimum harmonisation also creates a regular patchwork across the

		models and market structures across EU, Unipol believes that the minimum harmonisation approach adopted by the IDD is correct as it allows the necessary flexibility to adapt the rules to the peculiarities of each market without imposing drastic policy measures (such as a total ban on inducements) which would likely have negative impact for investors in most markets, limiting the access to financial advice.	EU and can create barriers to cross-border business as well.
Dutch Association of Insurers	Q11	Yes. We agree with EIOPA that there are specific limitations on data. It would however be good to elaborate in the analyses on the reasons why there is a decreasing registered number of intermediaries as natural persons (annex V). Data from Statistics Netherland (CBS) for the Dutch market shows that there is no material difference in the number of bankruptcies among intermediaries before and after the introduction of the commission ban. Of course, retirements and mergers & acquisitions occur as a normal development in business.	Noted and agreed. The text in Annex V relates to a decrease in the number of registered insurance intermediaries which was highlighted in the IDD application report. This decrease is not directly related to national regulation concerning the distribution of IBIPs.
France Assureurs (Fédération Française de l'Assurance)	Q11	<p>EIOPA is right to highlight the diversity of European insurance markets and distribution models for IBIPs. It is also correct to highlight the improvements in transparency of inducement models brought about by IDD. We would like to reiterate that IDD is a minimum-harmonisation Directive and as such provides a baseline level of transparency, many countries having national rules that go beyond those in IDD.</p> <p>It is important to note that the findings of the report also reflect the minimum-harmonisation approach taken in the IDD, which contrasts with the maximum harmonisation approach taken in MiFID. This is a strength of IDD, not a deficiency that the upcoming RIS should look to address. National differences in insurance distribution systems allow insurers to meet the needs and expectations of local consumers. It allows legislator, NCAs to apply the requirements of IDD in the most efficient and effective way for their local market, which ultimately results in better consumer outcomes.</p> <p>By prohibiting commission, there would inevitably be a reduction in the number of insurance intermediaries and a concentration effect on the market. In addition, there would be a risk that certain categories of intermediaries would disappear. A change in the current model would have a major and counterproductive impact. So far, it has not been demonstrated that the ban of commission has resulted in an improvement</p>	Noted

		<p>in the quality of advice to the client. In a legal system where, as in France, it exists a duty to advice, payment of a fee is incompatible with the obligation to provide advice. It can only be conceived as an advisory "service" that the client can choose to accept or not. Therefore, to prohibit commission would be to deprive Member States of the freedom given to them by the DDA to opt for a model where priority is given to quality advice for all. Furthermore, the collection of fees from each client increases the risk of non-payment by the intermediary.</p>	
Länsförsäkringar	Q11		
ASSORETI - Association of intermediaries which provide investment advice service through their network of qualified individual financial advisors.	Q11		
Insurance Ireland	Q11	<p>In Ireland, the commission system is an integral and indispensable part of the distribution system, without which the number of intermediaries and therefore consumer choice would be significantly curtailed. The use of commission helps enable access to financial advice, preventing the emergence of "advice gaps" and helps to ensure that those who are in most need of financial advice can indeed access it.</p> <p>Ireland's distribution system is well-established and succeeds in meeting customers' expectations. While the approaches to the supervision of such products may differ across Member States, we suggest it is more logical to review the supervision in those countries where detriment is identified rather than increasing the regulatory burden on firms by designing more requirements, whether this is through a statement, an opinion, guidance or an additional regulatory framework.</p> <p>Distribution costs (commission and inducements) are robustly regulated and supervised in the Irish Market, with the introduction of further new rules in March 2020 to ensure transparency in the commissions paid to intermediaries. The rules</p>	Noted

		<p>were strengthened again in May 2021, with additional guidance from the CBI through the Consumer Protection Code (CPC) and there is a general good requirement in most host states.</p> <p>The CBI has provided guidance on Consumer Protection Code 2012 Section 4.58A which requires intermediaries to provide information on arrangement fees, commissions and other remuneration. The provision applies to all intermediaries and its purpose is to encourage commission arrangements that align to the best interests of the customer. At a minimum intermediaries must publish an indication of the amount or % amount to be received, an explanation of the remuneration arrangement and details of other amounts received by the intermediary which are not directly linked to sales. Where the intermediary has a website, this information must be provided on the website. This information must be easy for consumers to find and all links to the information must be provided on the homepage and be easily identifiable. It is permissible to provide the information in a format that allows for filtering; and where the intermediary does not have a website, the information must be made available in either soft or hard copy.</p> <p>IDD also provides for additional transparency, for instance regarding conflicts of interest (Art. 28 and the provisions of articles 19, 19.2 19.3 19;4 and 19.5; the provisions of articles 28.2 and 28.3), information to be delivered by distributors (Art. 19, the provisions of articles 24.1 and 24.2, Art. 29) and the nature of their remuneration (Art. 19.1.d).</p>	
BEUC, The European Consumer Organisation	Q11	N/A	
ANIA	Q11	<p>We agree with the EIOPA statement that currently there is a lack of available data in addition to the clear diversity of the European insurance markets and the distribution models of IBIPs used in individual countries. Such situation is directly due to the minimum-harmonization criterion of the IDD directive.</p> <p>With reference to the transparency of inducements, in many countries there has been a development of information models that are much more structured in terms of</p>	Noted

		<p>content than the regulatory provisions envisaged by the IDD, given its minimum-harmonization.</p> <p>With regard to the distribution models, however, we observe that the commission-based system is the most widely used in Europe and guarantees customers a service accessible to all and free of charge before and regardless of the signing of the contract. This model also makes it possible to limit the negative impacts due to consumers' poor financial education, balanced by the provision of advice offered on the premises or online. Furthermore, the commission-based system provides for costs indirectly incurred by the customer only if the latter purchases the product, while the system in which the commissions paid by the manufacturer are prohibited requires the customer to pay a commission directly to the distributor even if the product is not purchased.</p> <p>In any case, we are convinced that it should not be up to the European legislator to decide the best model to be imposed in all Member States by banning the others, but that it is more reasonable to provide a regulatory framework that allows the development of multiple distribution models and that imposes adequate levels of transparency; customers shall ultimately make informed choices about the model from which they intend to receive the services.</p> <p>For all these reasons we do not share any initiatives aimed at limiting intermediaries' commissions by introducing ceilings or even banning them because this would risk compromising models which have been consolidated over time, reducing the options made available to customers.</p>	
ACA	Q11		
Institut des actuaires (France)	Q11		
Spanish Banking Association	Q11	<p>We agree with EIOPA that there is a disappointing lack of data available. As a result, findings must always be interpreted with a certain degree of caution.</p> <p>EIOPA is right to highlight the diversity of European insurance markets and</p>	Noted

		<p>distribution models for IBIPs. It is also correct to highlight the improvements in transparency of inducement models brought about by IDD. We would like to reiterate that IDD is a minimum-harmonisation Directive and as such provides a baseline level of transparency, many countries have national rules that go beyond those in IDD.</p> <p>Where commission-based advice is still prevalent it offers some advantages to consumers. Potential new customers do not incur any costs prior to signing the contract and this allows prospective consumers to shop around and receive advice from more than one distributor without being required to repeatedly pay for the advice. Potential clients thus obtain comprehensive information and advice, which is particularly important in member states with lower levels of general financial literacy.</p>	
<p>Bundesarbeitsgemeinschaft zur Förderung der Versicherungsmakler (BFV)</p>	<p>Q11</p>	<p>Wir begrüßen es, dass EIOPA die Kommission auf die Heterogenität des Versicherungsvertriebsmarktes in Europa hinweisen will. Im Vordergrund sollte der Nutzen für die Verbraucher im jeweiligen Mitgliedsland stehen, und nicht (zwanghaft) homogen über alle EU-Mitgliedsstaaten hinweg angewandte Regeln. Wenn Verbraucher in Deutschland das Provisionsmodell überwiegend favorisieren und eine Honorarzahlung an Vermittler bisher nur in einem geringen Umfang akzeptieren, dann ist ein Provisionsverbot kontraproduktiv für den Verbraucherschutz. Denn wenn angemessene, aber von der Mehrheit der Verbraucher als hoch empfundene Honorare nicht gezahlt werden, hat das auch zur Folge, dass Verbraucher auf sinnvollen Versicherungsschutz, speziell auch Altersvorsorge mit IBIPs, verzichten. Auch hier ist die gegebene Regelung der IDD zu favorisieren, die den Mitgliedsstaaten die Freiheit lässt, je nach dortigen Bedürfnissen und Gegebenheiten im Rahmen der nationalen Umsetzung strengere Regelungen einzuführen.</p> <p>Im Übrigen teilen wir nicht die bei der EU Kommission scheinbar vorhandene Auffassung, dass Vergütungen in Form von Provisionen grundsätzlich negative Anreize setzen. Die geringe Anzahl an Verbraucherbeschwerden über Versicherungsvermittler bei BaFin und Versicherungsombudsmann deuten jedenfalls nicht darauf hin, dass das Provisionssystem in Deutschland zu verbreiteten Missständen führt. Dort, wo tatsächlich ein Missstand festgestellt wird, sehen wir die nationale Aufsicht gefordert,</p>	<p>Noted. The lack of consumers complaints directed towards the activities of insurance intermediaries could also be potentially linked to lack of awareness/understanding/lack of disclosure to the consumer of the impact which inducements have on the integrity of the sales process.</p>

		<p>im Rahmen ihrer rechtlichen Möglichkeiten und Pflichten gegen diesen Missstand vorzugehen.</p> <p>Eine qualifizierte Beratung und Vermittlung muss angemessen vergütet werden, und da bietet das Provisionssystem für den Verbraucher den erheblichen Vorteil, dass er die Vergütung nicht direkt nach der Beratung und Vermittlung in voller Höhe zahlen muss.</p>	
Insurance Europe	Q11	<p>We agree with EIOPA that there is a disappointing lack of data available. As a result, findings must always be interpreted with a certain degree of caution.</p> <p>EIOPA is right to highlight the diversity of European insurance markets and distribution models for IBIPs. It is also correct to highlight the improvements in transparency of inducement models brought about by the IDD. We would like to reiterate that the IDD is a minimum-harmonisation directive and as such provides a baseline level of transparency, many countries have national rules that go beyond those in IDD.</p> <p>Regarding specific distribution models, we would like to highlight the role of mandatory advice in some markets. In markets where this requirement exists, it is considered a useful consumer protection tool, ensuring consumers have better knowledge of the contract they are about to enter into. Where advice prior to the sale of an IBIP is mandatory, this advice is usually financed through commission. Requiring upfront payment for advice could restrict access to financial services products for those unwilling or unable to pay directly in these markets.</p> <p>Commission-based advice is predominant in most Member States and offers some advantages to consumers. Severe restrictions or an outright ban on the use of commission to fund advice would be a fundamental overhaul of the current distribution framework in many countries and would need to be subject to a full impact assessment to ensure any restrictions do not result in consumer detriment.</p> <p>Access to advice is vital. Any measures introduced as part of the RIS need to ensure</p>	<p>Noted. The potential market impacts of different policy options have been highlighted in the next section. Financial education is a complementary tool, but an effective substitute to conduct of business regulation.</p>

		<p>consumers can continue to make use of affordable and high-quality advice. Measures, such as a commission ban, which could potentially prevent consumers who would benefit from advice from accessing it, either because it is unavailable or because they do not choose to access it, may ultimately not improve consumer protection.</p> <p>Financial literacy is an important part of the CMU Action plan and helps consumers in making informed decisions. It can take place through various channels, e.g., at schools, universities, public campaigns, with employers, etc. but it is especially important when there is a concrete reason for accessing information (e.g. when buying a financial product). Advice at the point of sale can therefore contribute significantly to a consumer’s financial education. . Information deficits, misunderstandings, or objective misconceptions can be recognised and eliminated best at the point of sale, Restricting remuneration by way of caps or even bans may restrict the role advisors are able to play in financial risk awareness.</p>	
VOTUM Verband	Q11	<p>Wir bestätigen, dass es tatsächlich eine vielfältige und unterschiedliche Ausgestaltung in der EU gibt. Diese Vielfalt erachten wir nicht als problematisch. Das Hauptziel aller Vertriebsmodelle ist es, die Kundenbedürfnisse optimal zu analysieren und ein passendes Produktangebot zu unterbreiten. Das erfolgt auch aus Eigeninteresse, da ein nur unzureichend beratener Kunde gleichzeitig auch ein unzufriedener Kunde ist, der sodann einen Anbieterwechsel durchführen könnte. Es zeigt sich hier deutlich, dass eine Tendenz zu einem aufgeklärten Verbraucherverhalten zu erkennen ist.</p> <p>Die Tatsache, dass in weiten Teilen der EU die provisionsbasierte Beratung weiterhin vorherrscht, basiert auch darauf, dass dies die von den Verbrauchern bevorzugte Vergütungsform ist. Honorarangebote sind in allen Ländern möglich – diese werden jedoch von den Kunden nicht aktiv nachgefragt. Die Notwendigkeit, eine provisionsbasierte Beratung einzudämmen oder abzuschaffen, war nur als Ausnahme in den Ländern notwendig, in denen sich ein signifikantes und flächendeckendes mis-selling gezeigt hatte. Fehlentwicklungen in einzelnen Ländern sollten jedoch nicht dazu führen, dass hieraus ein Rückschluss auf eine vermeintlich notwendige Regulierung innerhalb der gesamten EU gezogen werden sollte.</p>	Noted

		<p>„Gerade in den Ländern, in denen der Aufbau einer privaten oder betrieblichen Altersvorsorge unbedingt notwendig ist, weil die gesetzliche Rente nur einen Bruchteil des zuvor erreichten Arbeitseinkommens abdeckt, hat sich das provisionsbasierte Vergütungsmodell bewährt, da es das Engagement der Vermittler fordert, bei den Bürgern auf die bestehenden Versorgungslücken hinzuweisen und passgenaue Altersvorsorgeprodukte zu platzieren. Eine Verknappung des Beratungsangebots durch Eingriffe in das vorhandene Vergütungssystem muss unbedingt vermieden werden.“</p>	
<p>Austrian Federal Economic Chamber, Division Bank and Insurance</p>	<p>Q11</p>	<p>We agree with EIOPA that there is a disappointing lack of data available. As a result, findings must always be interpreted with a certain degree of caution.</p> <p>EIOPA is right to highlight the diversity of European insurance markets and distribution models for IBIPs. It is also correct to highlight the improvements in transparency of inducement models brought about by IDD. We would like to reiterate that IDD is a minimum-harmonisation Directive and as such provides a baseline level of transparency, many countries have national rules that go beyond those in IDD.</p> <p>Regarding specific distribution models, we would like to highlight the role of mandatory advice in many markets. In markets where this requirement exists, it is considered a useful consumer protection tool, ensuring consumers have better knowledge of the contract they are about to enter into. Where advice prior to the sale of an IBIP is mandatory, this advice is usually financed through commission. Requiring upfront payment for advice would restrict access to financial services products for those unwilling or unable to pay directly in many markets.</p> <p>Commission-based advice is predominant in most Member States and offers advantages to consumers. Potential new customers do not incur any costs prior to signing the contract and this allows prospective consumers to shop around and receive advice from more than one distributor without being required to repeatedly pay for the advice. Potential clients thus obtain comprehensive information and advice, which is particularly important in member states with lower levels of general</p>	<p>Noted</p>

		<p>financial literacy. Otherwise a possible advice gap would emerge, which means less informed consumers. This is the opposite of what the EC intends with their targets on financial education and could restrict rather than encourage access to financial markets for many customers. In any case, the affordability of advice is key to both, increasing retail investors' participation in the EU Capital market and adhering to the CMU goals to boost financial literacy, especially in those markets where there is still a lower level of financial competence or literacy.</p> <p>Severe restrictions or an outright ban on the use of commission to fund advice would be a fundamental overhaul of the current distribution framework in many countries and would need to be subject to a full impact assessment to ensure any restrictions do not result in consumer detriment.</p> <p>Access to advice is vital. Any measures introduced as part of the RIS need to ensure consumers can continue to make use of affordable and high-quality advice. Measures, such as a commission ban, which could potentially prevent consumers who would benefit from advice from accessing it, either because it is unavailable or because they do not choose to access it, may ultimately not improve consumer protection.</p> <p>Financial literacy is an important part of the CMU Action plan and helps consumers in making informed decisions. It can take place through various channels, e.g., at schools, universities, public campaigns, with employers, etc. but it is especially important when there is a concrete reason for accessing information (e.g. when buying a financial product). Advice at the point of sale can therefore contribute significantly to a consumer's financial education. Information deficits, misunderstandings, or objective misconceptions can be recognised and eliminated best at the point of sale; Restricting remuneration by way of caps or even bans may restrict the role advisors are able to play in financial risk awareness</p>	
EIOPA IRSG	Q11	<p>The IRSG believes that the EIOPA analysis has captured the key differences in EU IBIP distribution models. The commission-based distribution models are the most common. They allow customers to access as much pre-contractual advice as they need free of charge, as this is effectively pre-financed by existing insured customers.</p>	<p>Noted and also that diversity of different national markets is not necessarily a negative aspect</p>

		<p>This increases the affordability of advice, which is particularly important in markets where low levels of financial literacy exist.</p> <p>The IRSG notes that the existence of a variety of different distribution models in different national markets is not necessarily negative and does not de facto require a regulatory response.</p>	
BIPAR	Q11	<p>Independent advice</p> <p>The current rules in IDD are adequate. They are more recent than the MiFID II. All basics are in the existing rules. If at national level Member States want to do so, they can develop an independent advice concept at national level. This independent advice concept is well defined in the IDD so when it is introduced at national level it is coherent with the concept in the IDD and in other Member States. It is good that all systems co-exist in the market. It allows for choice for the consumer.</p> <p>The principles developed in the IDD are virtuous and are still being refined in their implementation (e.g. integration of sustainability advice). They protect consumers and do not need to be amended.</p> <p>Moreover, the approach of the IDD, based on minimum harmonisation, still seems relevant. Indeed, as the consultation paper points out, the market for the distribution of IBIPs in the EU is nationally specific. Consequently, it seems appropriate to keep a minimum harmonisation approach (IDD), unlike the requirements of MIFID II, in order to let Member States adapt their respective legislations, necessarily in a consumer-friendly way.</p> <p>In France, two initiatives should be noted in this respect:</p> <ul style="list-style-type: none"> - The reinforcement of the information of the policyholder (Law "PACTE" n° 2019-486 of 22 May 2019 on the growth and transformation of companies); - The "Accord de Place" on fees of 2 February 2022 and regulatory adjustments on fee transparency. 	Noted

		<p>Maximum harmonisation legislation at EU level would have had the effect of blocking these initiatives that benefit customers.</p> <p>As a conclusion, we believe that the two sets of rules should not be changed. Any argument for change should be evidence based. For every change a cost benefit analysis should be made, including the impact of the change in terms of costs and administrative burden for SME's.</p> <p>-----</p> <p>BIPAR believes that EIOPA's analysis – also based on EIOPA report on the IDD application - captures the key existing differences between different distribution models, but there are additional national specificities that are not covered. It should be noted that the existence of varying distribution systems in different national markets is not inherently negative and does not itself present a problem that require regulatory intervention at EU level.</p>	
Assuralia	Q11	<p>EIOPA is right to highlight the diversity of European insurance markets and distribution models for IBIPs. It is also correct to highlight the improvements in transparency of inducement models brought about by IDD. IDD is a minimum-harmonization Directive and as such provides a baseline level of transparency, in BE, we have national rules that go beyond those in IDD. Plus, the commission-based distribution model, which EIOPA notes is currently the most common system for the distribution of insurance in the EU, empowers customers to obtain unlimited advice free of charge before the conclusion of an insurance contract, because the advice is pre-financed by existing customers, i.e. the community of insured.</p> <p>This collective element of solidarity is one of the strengths of the commission system making advice affordable and barrier-free for all groups of society. Potential new customers do not incur any costs prior to signing the contract and this allows prospective consumers to shop around and receive advice from more than one distributor without being required to repeatedly pay for the advice. Potential clients thus obtain comprehensive information and advice. Otherwise, a possible advice gap would emerge, which means less informed consumers. This is the opposite of what</p>	Noted

		<p>the EC intends with their targets on financial education and could restrict rather than encourage access to financial markets for many customers.</p> <p>Financial literacy is an important part of the CMU Action plan and helps consumers in making informed decisions. It can take place through various channels, e.g., at schools, universities, public campaigns, with employers, etc. but it is especially important when there is a concrete occasion. Therefore, it has a particularly great effect when clients are interested in it, thus at the point of sale. Intermediaries makes a great contribution to the financial education of customers. Information deficits, misunderstandings, or objective misconceptions can be recognized and eliminated best at the point of sale.</p>	
Italian Banking Association	Q11	Please see our answer to Q10.	
AGEA (French association of general insurance agents)	Q11	<p>We may add to the EIOPA's analysis that some distribution channels do not seem to be fully taken into account. French General agents are one of those specific situations.</p> <p>We would like to remind the EIOPA of the specific situation of general insurance agents in France.</p> <p>The general insurance agent in France is an exclusive distribution channel which acts on behalf of an insurance company – legally liable for the agent – with which he is tied. The agent represents the insurer, and not the customer. It may be noted that, according to French law, agents need to subscribe to a professional civil liability insurance. Policyholders are thus twice protected.</p> <p>The general agent bears several characteristics that show his link to the insurance company: signage, logo, branded paper and in some cases standardized websites designed by the insurer. Some clients think that the agent is the insurance company itself.</p> <p>Insurance agents are part of a direct distribution channel between a producer and a</p>	Noted and appreciate provision of further information on the day-to-day operations of insurance agents

	<p>distributor.</p> <p>It is a simple and reliable distribution channel: agents are audited by insurers on their compliance for underwriting methods. The agent is paid through a commission scheme defined for each insurance company's network and for each product category.</p> <p>In general, the agent proposes only one product that is fit to the client's situation. When offering IBIPs, the agent uses digital underwriting tools provided by the mandating insurer with client profiles determined by the insurer. This process corresponds to the operational steps required by product oversight and governance requirements.</p> <p>This mode of operation prevents agents from being in a conflict-of-interest situation.</p> <p>Moreover, no sanctions in relation to conflicts of interest have been taken by the French prudential authority (ACPR) for general insurance agents' networks.</p> <p>Consequently, agents find that their situation is well reflected in point 118 of the consultation: "Potential benefits arising from a properly designed inducement scheme". The agent is paid by commissions for producing and managing a contracts portfolio.</p> <p>The inducements rates are defined for each company insurance's network for each risk category. This scheme prevents conflicts of interests and allows for a fair remuneration.</p> <p>What exactly are commissions paid for?</p> <p>The agent is in charge of several aspects of the insurance contract that he distributes – while maintain a close relationship with the policy holder. Those aspects are:</p> <ul style="list-style-type: none"> - Establishing the contract 	
--	--	--

		<ul style="list-style-type: none"> - Managing the contract (underwriting, life of the contract, end of the contract; arbitration, buybacks, contributions, unwinding or redirecting savings to a more suitable product; death and procedures related to the beneficiaries) - Managing the business (street level agency) <p>The distribution of insurance contracts by general agents is based on proximity. General agents are present in-person with their clients. Their street-level agencies are physical points of contact. They employ 3.4 employees per agency on average</p> <p>Agents' customer relationship is also strengthened by visits to clients when required by circumstances and visits to the company's headquarters. The close customer relationship consists in providing support to the client during the subscription and management of the contract, and it goes beyond the legal requirements of information and written advice. The agent thus develops a careful and well-informed support to his customers.</p> <p>Listening to the clients' needs and exchanging with them are part of the agent's daily job whether in underwriting or overseeing contractual evolutions.</p> <p>These services provided by the agent have a mutual cost which is included in the commission.</p> <p>Insurance premiums represent the mutual cost of risk. Commissions represent the mutual cost of advice and services provided by the general agent and that are not individually priced.</p> <p>This situation is then different from the commissions and retro-commissions paid in exchange of asset management services.</p>	
ANASF	Q11	EIOPA has identified models that are prevalent in the marketplace, although they are often partial assumption, integrated with each other.	Noted

<p>Austrian Insurance Association (VVO)</p>	<p>Q11</p>	<p>We agree with EIOPA that there is a disappointing lack of data available. As a result, findings must always be interpreted with a certain degree of caution.</p> <p>EIOPA is right to highlight the diversity of European insurance markets and distribution models for IBIPs. It is also correct to highlight the improvements in transparency of inducement models brought about by IDD. We would like to reiterate that IDD is a minimum-harmonisation Directive and as such provides a baseline level of transparency, many countries have national rules that go beyond those in IDD.</p> <p>Regarding specific distribution models, we would like to highlight the role of mandatory advice in many markets. In markets where this requirement exists, it is considered a useful consumer protection tool, ensuring consumers have better knowledge of the contract they are about to enter into. Where advice prior to the sale of an IBIP is mandatory, this advice is usually financed through commission. Requiring upfront payment for advice would restrict access to financial services products for those unwilling or unable to pay directly in many markets.</p> <p>Commission-based advice is predominant in most Member States and offers advantages to consumers. Potential new customers do not incur any costs prior to signing the contract and this allows prospective consumers to shop around and receive advice from more than one distributor without being required to repeatedly pay for the advice. Potential clients thus obtain comprehensive information and advice, which is particularly important in member states with lower levels of general financial literacy. Otherwise a possible ADVICE GAP would emerge, which means less informed consumers. This is the opposite of what the EC intends with their targets on financial education and could restrict rather than encourage access to financial markets for many customers. In any case, the affordability of advice is key to both, increasing retail investors' participation in the EU Capital market and adhering to the CMU goals to boost financial literacy, especially in those markets where there is still a lower level of financial competence or literacy.</p> <p>Severe restrictions or an outright ban on the use of commission to fund advice would</p>	<p>Noted</p>
---	------------	--	--------------

		<p>be a fundamental overhaul of the current distribution framework in many countries and would need to be subject to a full impact assessment to ensure any restrictions do not result in consumer detriment.</p> <p>Access to advice is vital. Any measures introduced as part of the RIS need to ensure consumers can continue to make use of affordable and high-quality advice. Measures, such as a commission ban, which could potentially prevent consumers who would benefit from advice from accessing it, either because it is unavailable or because they do not choose to access it, may ultimately not improve consumer protection.</p> <p>Financial literacy is an important part of the CMU Action plan and helps consumers in making informed decisions. It can take place through various channels, e.g., at schools, universities, public campaigns, with employers, etc. but it is especially important when there is a concrete reason for accessing information (e.g. when buying a financial product). Advice at the point of sale can therefore contribute significantly to a consumer’s financial education. Information deficits, misunderstandings, or objective misconceptions can be recognised and eliminated best at the point of sale; Restricting remuneration by way of caps or even bans may restrict the role advisors are able to play in financial risk awareness.</p>	
<p>Bund der Versicherten (BdV - German Association of Insured)</p>	<p>Q11</p>	<p>We agree with this analysis (especially no. 108, p. 43, and no. 115 and 117, p. 44, of CP). BdV is located in Hamburg, in consequence our main focus is on the German insurance market. Germany unfortunately belongs to those EU national markets in which commission-based remunerations for insurance intermediaries are still the most important ones. We already pointed out (cf. comment on Q 10) that even BaFin stressed the importance of ongoing analyses of possible conflicts of interest due to inducements for life-insurances being not aligned to IDD requirements.</p> <p>Even though a full ban of commissions for the distribution of life-insurances seems not to be achievable on the national level, BdV had repeatedly asked for the introduction of a legal cap of commissions (2.5% of the sum of total premiums being paid until maturity) for the distribution of life insurances (cf. BdV press release of 6 January 2022 and other PRs before).</p>	<p>Noted. The pros and cons of legal caps on commissions are presented as a policy option in the advice</p>

		BdV-Website: https://www.bunddersicherten.de/presse-und-oeffentlichkeitsarbeit/pressemitteilungen/bdv-fordert-bafin-zu-haerterem-vorgehen-gegen-ueberhoehte-provisionen-auf	
Fédération Bancaire Française	Q11	We consider that EIOPA has conducted a very comprehensive analysis of the different distribution models, and we welcome its understanding and support to the diversity of framework developed among EU members States, for which no “one-size fits all” solution can be validly imposed.	
Gesamtverband der Deutschen Versicherungswirtschaft e. V.	Q11	As well as EIOPA we regret the poor availability of data, as any results must always be interpreted with a certain degree of caution.	
ING Bank NV	Q11	No, we don't have any views on this.	
Bundesverband Deutscher Vermögensberater	Q11	<p>- Die vollständige Antwort auf Frage 11 finden Sie in der angehängten Datei! -</p> <ul style="list-style-type: none"> • Wir begrüßen und bedanken uns für die detaillierten Informationen zu den Vertriebs-systemen der Provisionsberatung und der Honorarberatung. Einige ergänzende Informationen sollten der Kommission ebenfalls übermittelt werden. Da es im dritten Kapitel um die „Bewältigung schädlicher Interessenskonflikte geht“, müsste an dieser Stelle dringend ergänzt werden, dass Interessenskonflikte bei beiden Beratungsmodellen auftreten können, unabhängig von der Form der Vergütung. Also nicht immer nur im Falle der Provisionsberatung. Denn bei stundenbasierter Vergütung könnte auch ein Interesse des Honorarberaters an möglichst häufiger bzw. zeitintensiver Beratung existieren, da die Vergütung direkt von der Beratungshäufigkeit abhängt. Dies könnte beispielsweise zu einer gezielten Empfehlung von komplexen Produkten führen, welche einen erhöhten Aufwand in der Erklärung, Überwachung und Evaluierung verursachen können („Überberatung“). Im Falle der stundenbasierten Vergütung könnte zudem ein Interesse des Beraters an einer möglichst langen Beratungsdauer hinzukommen. Oder es könnten 	Noted. We have now included in the Annex to the Final Report more details on the Member States which have exercised the option under Article 29(3), IDD

	<p>Interessenkonflikte entstehen, wenn gegenüber dem Kunden Back-Office-Aufgaben abgerechnet werden, die dieser nicht nachvollziehen oder überwachen kann. Ohne hier mit Unterstellungen arbeiten zu wollen, können bei der Honorarberatung ebenso gut Interessenskonflikte auftreten, die aber bisher nicht reguliert und für den Kunden daher oftmals überhaupt nicht ersichtlich sind. Ein Verbot der provisionsbasierten Beratung beseitigt somit keinesfalls alle potenziellen Interessenskonflikte in einem Beratungsverhältnis.</p> <ul style="list-style-type: none"> • Die Provision ist nicht nur in den numerisch meisten, sondern vor allem auch in den größten Märkten der EU für Lebensversicherungen / IBIP's das vorherrschende Vergütungsprinzip. Länder wie NL, in denen es Provisionsverbote gibt, sind hingegen bezogen auf das EU-Gesamtvolumen sehr klein und sollten deshalb nicht als Maßstab für die Regulierung in den dominierenden Märkten herangezogen werden. Warum solle spezielle Regelungen aus kleinen Märkten funktionierende große Märkte determinieren? Der Konsultationstext spricht selbst von einem stark fragmentierten Versicherungs(vertriebs)markt innerhalb der EU. Auf Seite 43 des Textes wird auf Art. 29 Abs. 3 IDD verwiesen: hiernach können Mitgliedstaaten das Anbieten oder Annehmen von Gebühren, Provisionen oder nichtmonetären Vorteilen von einer dritten Partei für die Erbringung von Versicherungsdienstleistungen verbieten oder weiter einschränken. Nachfolgend genannt werden dann neun Mitgliedstaaten. Hier hätte man sich gewünscht, genauere Angaben darüber zu erhalten, welcher Mitgliedstaat, welche Beschränkungen oder gar ein Totalverbot für Zuwendungen vorgenommen hat. Mit Blick auf die Marktgröße muss erwähnt werden, dass die hier angegebenen Staaten überwiegend, vielleicht auch wegen ihrer Überregulierung, für das Lebensversicherungsgeschäft in der EU ohne große Bedeutung sind. So vereinen allein fünf (Tschechien, Kroatien, Rumänien, Slowakei und Irland) der genannten neun Staaten mit Provisionsverboten bzw. -einschränkungen zusammen lediglich etwa 0,5 % der direkt gebuchten Beiträge im Lebensversicherungsgeschäft der EU auf sich (Basis: 2019, Quelle: Insurance Europe's Member Associations). Dagegen sind etwa 76 Prozent des Lebensversicherungsgeschäftes in der EU von keinen Restriktionen betroffen. 	
--	---	--

		<ul style="list-style-type: none"> • Die durch private Vorsorge mit IBIP's zu schließenden Versorgungslücken für die Rente sind in den EU-Ländern sehr unterschiedlich. In einigen Ländern erreichen gesetzliche und obligatorische betriebliche Rente nahezu 100% des letzten Arbeitseinkommens. Zusätzliche private Vorsorge spielt deshalb kaum eine Rolle. Bedarfsweckung durch Vermittler hat deshalb kaum Relevanz. In Deutschland hingegen liegt das gesetzliche Rentenniveau nur bei 48 %, und betriebliche Altersversorgung gibt es nur bei ca. einem Drittel aller Unternehmen. Private Vorsorge auf der Grundlage von Beratung und Vermittlung ist deshalb unerlässlich. Regulatorische Markteingriffe, die sich negativ auf das Beratungsangebot auswirken, haben deshalb ganz andere Konsequenzen. Ein starker Rückgang des Beratungsangebotes durch regulatorische Eingriffe in das Provisionssystem gefährdet den Wohlstand der Bürger im Alter! <p>(...)</p> <p>- Die vollständige Antwort auf Frage 11 finden Sie in der angehängten Datei! -</p>	
Actuarial Association of Europe	Q11		
Die Deutsche Kreditwirtschaft	Q11		
Allianz SE	Q11	<p>Allianz shares EIOPA's views that the EU insurance distribution remains fragmented and differentiated and a wide variety of national distribution channels and categories of insurance intermediaries, registration reporting frameworks are in place across the EU (see §121 of the consultation paper).</p> <p>The IDD has been designed to accommodate the broad variety of insurance distributors within the EU Member States and this includes some variety with respect to constituting elements of different distributor characteristics, including independence of advice on the Member State level.</p>	Noted

		We do not see any significant structural flaws in the IDD that warrant a material adjustment.	
FECIF	Q11	<p>We confirm that there is indeed a diverse and different design across the EU. We do not consider this diversity to be problematic. The main objective of all distribution models is to optimally analyse the customer's needs and to make a suitable product offer. This is also done out of self-interest, since an inadequately advised customer is at the same time an unsatisfied customer who could then change providers. This clearly shows that there is a tendency towards enlightened consumer behaviour.</p> <p>The fact that commission-based advice continues to prevail in large parts of the EU is also based on the fact that this is the form of remuneration preferred by consumers. Fee-based offers are possible in all countries - however, these are not actively demanded by clients. The need to curb or abolish commission-based advice was only necessary as an exception in those countries where significant and widespread mis-selling had become apparent. However, undesirable developments in individual countries should not lead to a conclusion being drawn from this that such regulation is supposedly necessary throughout the EU.</p>	Noted
Sparbanken Skåne AB (publ)	Q11	No	
VOTUM Verband	Q11	<p>We confirm that there is indeed a diverse and different design in the EU. We do not consider this diversity to be problematic. The main objective of all distribution models is to optimally analyse the customer's needs and to make a suitable product offer. This is also done out of self-interest, since an inadequately advised customer is at the same time an unsatisfied customer who could then change providers. This clearly shows that there is a tendency towards enlightened consumer behaviour.</p> <p>The fact that commission-based advice continues to prevail in large parts of the EU is also based on the fact that this is the form of remuneration preferred by consumers. Fee-based offers are possible in all countries - however, these are not actively demanded by clients. The need to curb or abolish commission-based advice was only</p>	Noted

		necessary as an exception in those countries where significant and widespread mis-selling had become apparent. However, undesirable developments in individual countries should not lead to a conclusion being drawn from this that regulation is supposedly necessary throughout the EU.	
Question 12: Has EIOPA captured, in your view, all relevant policy options? Do you agree with the different pros and cons listed for these options and the potential impacts indicated for these options? Are you in favour of any particular options or combination of options? Are there any other policy options and pros and cons to be considered in your view?			
Polish Chamber of Insurance	Q12	<ul style="list-style-type: none"> • EIOPA has captured many of the relevant policy options but seems to have overlooked the possibility of making no changes at all to the IDD. As EIOPA noted in the report on the application of IDD, it is very early to make an assessment of the functioning of IDD, and therefore too early to consider such wide ranging changes to the regulatory framework. • PIU strongly rejects any European-wide general ban or cap on commissions. There are other remedies available to address the issues identified. Instead of bans or caps of inducements stronger efforts should be made to raise awareness of the importance of high-quality advice, which is a valuable professional service that comes at a cost. We also note that as a potential detrimental outcome to consumers arising from the payment/receipt of inducements, EIOPA refers to “high commissions paid” and “high costs” (e.g. point 116 and 117) without further elaborating on the elements considered to qualify them as “high”. Rather than setting arbitrary limits, transparency and information should be the means of choice. 	Noted and agreed. The list of policy options has now been updated to include an option of “maintain the status quo”, but at the same time, EIOPA has included in its recommendations that based on its own consumer trends and conduct oversight work, it sees a clear need for improvement so existing rules.
BETTER FINANCE	Q12	<p>BETTER FINANCE welcomes the assessment of EIOPA’s different policy actions. We wish to highlight to EIOPA that, while none of the expressed actions would be a silver bullet, a package of the following could significantly improve the distribution channels of IBIPs and consolidate towards bias-free advice:</p> <ul style="list-style-type: none"> • No.1: Refining existing rules in the IDD on inducements: • No. 2: Further enhancing disclosure of inducements to consumers and making the concept of an “inducement” easier to understand for consumers: we agree with 	Noted and supports EIOPA’s view that a combination of policy options would be better than one single one

		<p>Eiopa and believe that replacing the term of “inducement” with “sales commission” would be a clearer indication of their nature and more comprehensible for individual investors; in addition, Eiopa should require distributors to report the total amounts of inducements received on an annual basis and the entities from which these are received;</p> <ul style="list-style-type: none"> • No. 3: Further bolstering rules on inducements at the product design phase ... and enhanced conduct supervision/enforcement by NCAs: we reiterate the proposal of our German member in the sense that product design and the target market may be a cause of mis-selling. As such, we support Eiopa’s proposal on reviewing the rules on the product approval process. • No. 4: Introducing a mandatory concept of “independent advice” into the IDD and introducing a ban on the payment/receipt of inducements for independent advice in line with MiFID II: We fully support this proposal to the European Commission, which should be embedded in the Level 1 legislation. • No. 5./6. Full ban on the payment/receipt of inducements and intermediate options: We fully support a ban on execution-only services and/or a proposal for a cap on inducements. 	
Irish Life Assurance PLC	Q12	<p>We believe that Eiopa has adequately captured relevant policy options.</p> <p>We favour an approach which supports remunerations schemes which are properly designed and implemented and which, in turn, drive the right behaviours among advisers and achieve good outcomes for customers.</p>	Noted and agreed re need for an outcomes-based approach and promoting an effective culture amongst insurance intermediaries
Unipol Gruppo S.p.A.	Q12	<p>Eiopa described an extensive range of policy options and, overall, we agree with the different pros and cons pointed out.</p> <p>As to our preferred policy option, we think that an appropriate and effective solution to further mitigate conflicts of interests would be strengthening the disclosure of incentives to raise awareness among the average consumers of the impact that</p>	Noted and agreed re need for enhanced and better forms of disclosures concerning inducements

	<p>incentives could have on their purchase, especially in terms of costs. Indeed, current requirements already foresee the provision of an extensive number of information related the potential conflicts of interests between insurers and intermediaries, as well as detailed information on the distribution costs, which includes the remuneration for the provision of financial advice. However, as also pointed out by EIOPA, experience has shown that many clients do not adequately understand the purpose of such disclosure, being overwhelmed by the amount of information provided and by their technical complexity. Thus, we think that further efforts should be given in simplifying and making more effective the information on inducements and potential conflicts of interests.</p> <p>On the contrary, we think that there are good reasons to reject the following options:</p> <p>(i) full ban on the payment/receipts of inducements (for each type of product or only in relation to complex product); (ii) a cap on incentives or provide a partial ban on incentives related to the volume of sales pursued. In this respect, we note that generalised ban on inducements entails that investment advice would only be available against the payment of a fee by the investors, but most of them are neither able to afford such advice nor willing to pay directly for it. The immediate result of an inducement ban would therefore be an “advice gap” for retail investors and lower access to capital markets. Indeed, evidence from UK suggests that a generalised ban on inducements increased the self-directed investing (execution only), which is concerning considering the low average level of financial literacy across Europe as well as the fact that more people could be pushed to acquire potentially misleading information about investments from internet.</p> <p>Furthermore, it is worth considering that distribution costs also serve the purpose of remunerating the expenses and efforts undertaken by the distributors with the aim of providing a high-quality advice to their clients (e.g., research, study, training, etc.). The introduction of a ban on inducements would put pressure on distributors’ remuneration, ultimately leading to financial advices of poorer quality, which is an outcome to avoid at all costs considering the importance of financial advice, especially for vulnerable clients.</p>	
--	--	--

		<p>Also, it shall be not assumed that the introduction of a general ban on inducements would lead to overall lower costs for investors: on the contrary, ESMA noted that where a full ban on inducement have been implemented, the effects on distribution costs were mixed at best (see ESMA35-43-2126). Even FCA reached similar conclusions: “There is evidence that adviser charges have increased in some cases (certainly there is no notable evidence to suggest that these have fallen), and lower product charges may not offset this [...] There is also the possibility that some advisers are channelling more of their clients’ portfolios to lower-charging (i.e. passive) funds in order to keep total costs to clients low, rather than reducing their own charges.”</p> <p>On a more general note, we note that existing IDD requirements on inducements already set a high-level of protection against conflicts of interests in the distribution of IBIPs, also allowing Member States to introduce stricter rules when deemed necessary. With regard to the Italian market, the remuneration of insurance and financial intermediaries largely relies on the payment of inducement and, thus, the introduction of an inducement ban could have disruptive effects on the market structure of intermediaries, ultimately leading to reduced access to financial advice and financial markets.</p> <p>To conclude, we believe (and evidence has shown) that policy actions focusing on mere cost reduction for investors can lead to unintended consequences and worst outcome for investors. Instead, in our view the upcoming policy initiatives should be aimed at enhancing the quality of advice and the possibility to access financial markets. The reduction in distribution costs will likely follow by effect of increased competition, technological improvement and economies of scale.</p>	
Dutch Association of Insurers	Q12	Yes. EIOPA has captured relevant policy options, however the analysis with the pros and cons could be more balanced. We understand that this is due to the fact that EIOPA has not been able to carry out an impact assessment. For example, under option 5 EIOPA elaborates on the risk of creating an “advice gap” without providing data for such a “gap”. As mentioned in the general comments we have almost 10 years of experience with the commission ban.	Noted and agreed. In some places, the text of the pros and cons has been updated so that it is more balanced. In addition, a reference to the possibility to pay for advice in monthly

	<p>In the Netherlands an independent evaluation of the commission ban showed that there is no advice gap. There are no issues with access to advice. It seems that consumers underestimate the costs of advice. Their willingness to pay for advice increases when intermediaries use the opportunity to explain what their added value is. If consumers do not want to pay for advice, then this is more because they do not recognize the value of that advice. Due to the commission ban consumers are in a better-informed position and have more choice. As a result of the commission ban consumers are more involved and get a better deal compared with the high levels of commission captured in the premium before the commission ban was introduced. There are products where consumers, after the introduction of the commission ban, pay a less amount in fee than in commissions captured in the premium before the commission ban. The evaluation showed that the Dutch commission ban is effective, and that bias is out the market. The commission ban strengthens the trust of consumers in the Dutch insurance sector.</p> <p>In the fee-based distribution model in the Netherlands consumers have different options to pay for advice. It is up to distributors to offer these possibilities. One option is payment in the form of monthly instalments (in Netherlands allowed over a maximum period of 24 months). Another possibility is a subscription model. Upfront payment is not the only possibility (section 108). Also shopping around for consumers is possible under the Dutch commission ban (without being charged directly).</p> <p>The level playing field between direct writers and (independent) intermediaries is adequately safeguarded. Direct writers have to inform consumers about their advice and distribution costs. This is based on legislative costs price model with five cost types. Direct writers must calculate the cost for advice and distribution per product. These costs are presented to consumers in a disclosure document.</p> <p>With respect to some of the intermediate options mentioned in 6 (page 55) we would like to share the following. The Dutch inducement ban (bonuses, monetary and non-monetary benefits for hospitality etc.) is also applicable to non-life as otherwise it</p>	<p>instalments in a fee-based regime, has also been added.</p>
--	---	--

		<p>would be possible to bypass the commission ban in the complex segment. This due to the occurrence of the waterbed effect. Policy options to address a risk in one segment on a solely basis could have limited effect as the risk could emerge in another segment which is not regulated. Because of the risk of a waterbed effect, we have a full ban on bonuses and other hospitality across the entire industry. There is however a small threshold.</p>	
<p>France Assureurs (Fédération Française de l'Assurance)</p>	<p>Q12</p>	<p>EIOPA has captured many of the relevant policy options but seems to have overlooked the possibility of making no changes at all to IDD. France Assureurs do not see a pressing need to make any changes to the IDD. IDD provides already a strong consumer protection rules. Indeed, IDD introduced strong and effective conduct rules for the sale of all insurance products, with additional, enhanced requirements for the sale of IBIPs. IDD rules ensure that insurance distributors always act honestly, fairly and professionally, in accordance with the best interests of consumers, helping to prevent any potential mis-selling. Stricter rules on conflicts of interest are foreseen for IBIPs and, should a conflict of interest arise that cannot be sufficiently mitigated, insurers are required to disclose the nature of the conflict and any action taken to the consumer. In addition, delegated regulation 2017/2359 established a list of criteria for determining whether an inducement has a detrimental impact on the quality of the relevant service to the customer. In addition, POG requirements protects the consumer from the risk of being offered an inappropriate product outside the target market.</p> <p>Thus, it would be helpful if EIOPA's final report also included an analysis of the risks and benefits of simply maintaining the status quo. Overall there is a limit to how much impact rules at the point of sale will have on consumers. That said, we would like to highlight the following key points regarding an EU-wide commission ban while our remarks regarding other policy options considered by EIOPA are in the annex.</p> <p>An EU-wide commission ban, whether based on current MiFID rules, or going further and banning the charging of commission completely, is not a viable policy option for the insurance sector. The report repeatedly notes the diversity of the EU insurance markets. We would like to point out that the established national distribution systems</p>	<p>Noted and agreed. The list of policy options has now been updated to include an option of "maintain the status quo" with a set of pros and cons, but at the same time, EIOPA has included in its recommendations that based on its own consumer trends and conduct oversight work, it sees a clear need for improvement to the existing rules to drive good outcomes for consumers.</p> <p>Although EIOPA has not been able to carry out a full impact assessment, it has referred to national regulatory frameworks which have been based on extensive impact assessments in some cases.</p>

	<p>have endured because they are able to meet the needs and expectations of national consumers and national regulators and reflect the national differences in culture and regulation.</p> <p>Inducement bans and restrictions have been effective in some markets, and where they are in place they should be maintained. However, in markets where distributors rely solely on commission, the introduction of a ban would either result in an 'advice-gap' or where advice continues to be mandatory would result in few consumers being able to afford to entry costs to access financial services</p> <p>We understand that time constraints mean that a full impact assessment of this policy option has not been carried out. It is absolutely vital that the EC carry out an impact assessment as part of the development of the RIS if this option is to be considered. A commission ban would require a complete overhaul of the distribution system.</p> <p>In France, where advice is mandatory, the income that intermediaries derive from commissions allows them to bear the cost of fulfilling their obligations towards the client in terms of advice and support.</p> <p>Commission-based remuneration, thus, ensures financial stability over time to the intermediaries, allowing them to spread the costs over the entire client portfolio and thereby lower the average costs per client/contract. Thus, payment by commission has the advantage of pooling the cost of advice for the benefit, in particular, of clients whose investments are more modest. In a complex economic environment, the orientation of part of the assets towards risk requires significant support, hence the need to finance advice at an acceptable cost. By prohibiting all forms of inducement, the cost of advice will automatically increase for clients.</p> <p>A ban on commissions would force French intermediaries to switch to a fee-based system and would effectively exclude low-income customers from insurance products. Conversely, the forced transition to a fee-based payment would result in a more expensive overall cost for the client: the amount of the fees could not remain at</p>	
--	--	--

		<p>the level of the current amount of commissions for an equivalent service. Indeed, the insurance intermediary would retain its fixed operating expenses while facing the reduction of people willing to pay for the advice and the risk of unpaid bills. As a result, in the event of fee-based payment, some small investors would not be able to access advice or would have to bear much greater costs, thus limiting the performance of their contracts. Similarly, the forced transition to fee-based payment would be the end of advice without obligation to purchase or "free advice" since to benefit from the advice of an intermediary, the client would have to pay the consulting fees even in the event that he does not finally conclude the contract.</p> <p>EIOPA final report should better reflect the potential detrimental impacts of introducing an EU-wide ban.</p>	
Länsförsäkringar	Q12		
ASSORETI - Association of intermediaries which provide investment advice service through their network of qualified individual financial advisors.	Q12	<p>We appreciate the depth of the analysis of the inducements' regime, which pays attention to both the different regulations adopted by the Member States (as a consequence of the fact that the IDD is a minimum harmonization directive), and also to the possible options for reform of this discipline to be represented to the European Commission.</p> <p>Reiterating the answer to Q10, we believe that the current regulation contained in MiFID II realizes the best client's interest. In particular, this framework:</p> <ul style="list-style-type: none"> i) ensure that all customers have access to an ongoing advisory service; ii) creates an open architecture distribution systems; iii) states that investment advice service may be provided both on an independent basis and on a non-independent basis, and: <ul style="list-style-type: none"> - in the first case, it bans the payment/receipt of inducements; - in the second case, it provides that the payment/receipt of inducements is allowed where the payment or benefit does not impair compliance with the intermediary's duty to act honestly, fairly and professionally in accordance with the best interest of 	Noted

		<p>its clients and it is designed to enhance the quality of the relevant service to the client, such as:</p> <ul style="list-style-type: none"> a) the assistance of a qualified individual financial advisor; b) the periodic suitability assessment of recommended operations; c) the provision of portfolio advice, including the regular monitoring of the customer's portfolio; d) the provision, by the intermediary, of asset allocation and financial planning services; e) the provision of materials and/or educational services aimed at increasing the customer's financial knowledge; f) the customer's access to a wide range of suitable financial instruments, including an appropriate number of instruments from third-party product providers that do not have any close links to the intermediary and its group; g) the availability of tools to the customer that are related to the intermediary's website, such as customer access to market data, research or digital apps; h) the availability of alert tools to the customer. 	
Insurance Ireland	Q12	<p>Insurance Ireland believes that the policy should centre around the transparency of distribution models and maintaining the current application of the IDD. Insurance Ireland supports the concept of ensuring transparency of commission payments for clients as one measure to improve the quality of advice within the IDD framework. IDD also provides for additional transparency, as mentioned in Q11.</p> <p>As noted above, the transparency of distribution costs (commission and inducements) is robustly regulated and supervised in the Irish Market, with the introduction of new rules in March 2020 to ensure transparency in the commissions paid to intermediaries. The rules were strengthened again in May 2021, with additional</p>	Noted

		<p>guidance from the Central Bank of Ireland through the Consumer Protection Code (CPC) and there is a general good requirement in most host states. Ireland's distribution system is well-established and succeeds in meeting customers' expectations.</p> <p>EU- wide commission ban:</p> <p>Insurance Ireland strongly believes that there should not be an outright ban on commissions. IDD contains rules on commission and advice for the sale of IBIPs that are appropriate to the insurance sector.</p> <p>Through commissions insurance companies are supporting a distribution channel that increases access for consumers. Limiting the payment of commission could see a significant number of intermediaries exiting the market thus damaging access and resulting in the possibility of an "advice gap" emerging. The intermediary offers a vital service through understanding in detail both insurance company's products and the needs of consumers, as well as providing a level of financial education by explaining the process and the product disclosures. The commission model helps intermediaries create business models that maintain the availability of high-quality advice for clients across the market. The intermediary should have the choice of being remunerated for his/her advice via either fees or commission depending on the circumstances of the client and the business model adopted by the intermediary. Commission payments are required in order to allow many intermediaries to remain in business and offer a valuable service to the widest range of consumers possible.</p> <p>Any proposals at EU level that indirectly restrict access to advice across all financial products for consumers by limiting the remuneration options may have the effect of reducing the availability of advice in some markets with a knock-on effect on levels of savings and investment.</p> <p>Ban on independent advice:</p>	
--	--	---	--

	<p>The CBI has already amended its guidance on the terms intermediaries may use to describe their principal regulated activities. Previously, per the guidance, the terms ‘independent’ and ‘broker’ were used ‘where the principal regulated activities of an intermediary are provided based on a fair analysis of the market’.</p> <p>The word ‘independent’ has been removed from the guidance and firms can only use the term ‘broker’. The word ‘independent’ may still be used, however additional requirements related to fees, commissions and other remuneration under the Consumer Protection Code 2012 Section 4.16 must be adhered to.</p> <p>Firms will no longer be permitted to describe themselves and their regulated activities as ‘independent’ where they accept and retain commission where advice is provided. Therefore, Insurance Ireland believes that the current national framework results in appropriate transparency for consumers in the payment of monetary and non-monetary inducements. Refer to Q.11 for more detail on the CBI’s guidance in relation to the Consumer Protection Code.</p> <p>Commission Caps:</p> <p>Insurance Ireland reiterate the response of Insurance Europe in that a commission cap would not serve customer’s needs. Enhanced transparency requirement would serve this purpose better. As described above the CPC in Ireland already includes requirements surrounding commission that aim to improve transparency within the insurance market in Ireland.</p> <p>While insurers will generally have some level of monitoring of distributors as part of due diligence requirements, it should be noted that these distributors are also regulated entities in their own right and subject to robust individual conduct management rules, governance and regulatory supervision.</p> <p>Ban on non-monetary benefits:</p>	
--	--	--

		<p>Ireland has already taken steps to narrow the circumstance in which non-monetary benefits can be paid. In the case of a non-monetary benefit, it should be designed to enhance the quality of the service. Under the new rules, hospitality such as golf trips and sporting event tickets will not be allowed.</p>	
<p>BEUC, The European Consumer Organisation</p>	<p>Q12</p>	<p>BEUC believes that an inducement ban would materially improve the financial advice delivered to consumers in the EU, and would like to address some of the potential cons frequently levelled by those who oppose an inducement ban, including the potential for an advice gap to emerge and the inability of an inducement ban to tackle other biases (i.e. advice towards in-house products):</p> <p>Advice gap: Some argue that a ban would deter people from seeking financial advice, as consumers would be unwilling or unable to pay upfront fees for the cost of advice. However, government reviews by the UK and the Netherlands show that advice remains widely accessible for most consumers. For instance, a government review by the Netherlands found that the inducement ban has not had a negative impact on the accessibility of financial advice, and concluded that most consumers are prepared to pay for advice if advisers are able to demonstrate their added value to the consumer.</p> <p>A survey carried out as part of the UK’s Financial Advice Market Review (FAMR) found that the main reason for not taking advice “was not having a need for it, or deciding to make decisions on their own, rather than any explicit issues with accessibility.” Indeed, evidence as part of the FAMR found that of consumers seeking financial advice, only 9% were concerned that they would not be able to afford to pay the adviser’s charges, and only 0.5% said that they were unable to find an adviser willing or able to offer them advice. Since the introduction of the Retail Distribution Review, the UK Financial Conduct Authority published data showing that the financial advice sector is continuing to deliver advice to consumers:</p> <p>The reported number of adviser staff at financial advisers’ firms increased by 3% from 2016 to 2017, reaching 26,311 staff members. The number of intermediary firms</p>	<p>Noted</p>

	<p>increased from 4,970 in 2016 to 5,049 in 2017. With the number of firms steadily increasing in recent years by 10% since 2013.</p> <p>UK financial advisers' revenue and profits have been increasing, despite a fall in the revenue that they receive from commissions (firms in the UK continue to receive trail commissions for advice given to consumers prior to the RDR).</p> <p>There has been a statistically significant increase in the number of people taking regulated financial advice since 2017, with an additional 1.3m people taking advice. There was also an increase in the use of guidance services, and automated-advice services</p> <p>Financial advice has never been free. Consumers in most European countries are charged for financial advice in a roundabout way (via the commission paid to advisers). This generally has to be disclosed now to consumers under EU law, but behavioural studies show that few consumers pay attention to these disclosures, and even fewer understand how commission might bias the advice they are given.</p> <p>Tackling biases towards in-house products: Lastly, there are concerns that a ban on third-party inducements would reduce the incentive for banks or insurers to give advice about external third-party products (for which they used to receive inducements), and that this could lead to a decrease in open-architecture distribution models in the European Union (and conversely an increase in closed-architecture distribution models). In the UK, this risk is addressed by requiring advisers who provide recommendations only on in-house products to label their services as 'restricted' to clients. UK financial advisers are divided between independent and restricted advisers:</p> <ul style="list-style-type: none"> • Independent advisers need to make recommendations based on products from all firms across the market and provide unbiased recommendations that meet the client's best interest. 	
--	---	--

		<ul style="list-style-type: none"> • Advisers must label their services as restricted if the adviser only offers a restricted range of products to their clients, for instance if they only work with one product provider. <p>BEUC’s member organisations in the UK, such as Citizens Advice, generally recommend consumers to seek independent advice (and not restricted advice). Labelling advisers as ‘restricted’ would create a competitive advantage for banks, insurers and financial advisers that are actually independent and offer advice on products from the whole of the market (including external third-party products). Consumer organisations and financial supervisors should play a role in informing consumers about the differences between restricted and independent advice.</p>	
ANIA	Q12	<p>We believe that EIOPA has depicted the different policy options in a balanced way with their pros and cons.</p> <p>This consideration leads us to reiterate what has already been mentioned in the “general comments” section about the fact that it is not yet the time to make a thorough assessment of the functioning of the IDD and consequently it is not appropriate to consider the possibility of making substantial changes to its contents and however not before carrying out in-depth impact assessments in this regard.</p> <p>Conversely, we deem it interesting to explore the possibility of providing an analysis of the risks and benefits in the final EIOPA report on maintaining the status quo.</p> <p>We are strongly opposed to the introduction of any general ban or ceiling on commissions at European level, while on the contrary we believe that efforts should be made to raise awareness on the importance of high-quality advice, which, like all professional services, comes at a cost.</p> <p>Were it to be considered appropriate to introduce a limit on commissions, this should be designed to apply only to extreme cases of very high commissions with consequent damage to consumers, because otherwise it would create undue distortions in market competition.</p>	<p>Noted. The list of policy options has now been updated to include an option of “maintain the status quo” with a set of pros and cons, but at the same time, EIOPA has included in its recommendations that based on its own consumer trends and conduct oversight work, it sees a clear need for improvement to the existing rules to drive good outcomes for consumers.</p>

		<p>We are somewhat sceptical about the possible introduction of the concept of "independent advice". In fact, we do not understand what the perceived advantage of adding this definition to the IDD could be and we strongly doubt that it is functional to an insurance context in which the "status" of advisers, brokers, agents, etc. varies considerably across Member States.</p> <p>With reference to the rules on inducements, MiFID II distinguishes between independent advice and other types of advice and provides for the ban on commission for independent advice unlike IDD. Therefore, transferring the MiFID II model to IDD could entail unfair competitive conditions between the different distribution channels, depending on the structure of the national market.</p> <p>Finally, with regard to the ban on other non-monetary benefits, we believe that all training should be excluded, including broader training initiatives such as sector seminars or, more generally, the distributor's personal development (e.g. training on presentation skills, training on conflict management etc.).</p>	
ACA	Q12		
Institut des actuaires (France)	Q12		
Spanish Banking Association	Q12	<p>As EIOPA noted in the report on the application of IDD, it is very early to make an assessment of the functioning of IDD, and therefore too early to consider such wide ranging changes.</p> <p>An EU-wide commission ban</p> <p>An EU-wide commission ban, whether based on current MiFID rules, or going further and banning the charging of commission completely, is not a viable policy option for the insurance sector. The report repeatedly notes the diversity of the EU insurance markets. We would like to point out that the established national distribution systems have endured because they are able to meet the needs and expectations of national consumers and national regulators and reflect the national differences in culture and</p>	<p>Noted. Although EIOPA has not been able to carry out a full impact assessment, it has referred to national regulatory frameworks which have been based on extensive impact assessments in some cases.</p> <p>Agreed re the need for more transparency on the amount of the inducement paid or received</p>

		<p>regulation.</p> <p>Instead of bans or caps of inducements stronger efforts should be made to raise awareness of the importance of high-quality advice, which is a valuable professional service that comes at a cost. We also note that as a potential detrimental outcome to consumers arising from the payment/receipt of inducements, EIOPA refers to “high commissions paid” and “high costs” (e.g. point 116 and 117) without further elaborating on the elements considered to qualify them as “high”. Rather than setting arbitrary limits, transparency and information should be the means of choice.</p> <p>Inducement bans and restrictions have been effective in some markets, and where they are in place they should be maintained. However, in markets where distributors rely solely on commission, the introduction of a ban may result in an ‘advice-gap’ as suggested by EIOPA, or where advice continues to be mandatory could result in few consumers being able to afford to entry costs to access financial services. This would hinder the ambitions of the CMU to encourage consumer participation in the financial markets.</p> <p>We understand that time constraints mean that a full impact assessment of this policy option has not been carried out. It is absolutely vital that the EC carry out an impact assessment as part of the development of the RIS if this option is to be considered. A commission ban would require a complete overhaul of the distribution system in many markets. A full impact assessment across all markets would be needed to properly assess the impact across all the diverse distribution systems currently operating in the EU.</p> <p>Transparency</p> <p>Rather than restrict the payment of commissions directly, a more proportionate policy option is would be to increase transparency of the commission charged to the consumer.</p>	
--	--	---	--

	<p>Independent advice</p> <p>EIOPA suggests introducing the concept of independent advice' taken directly from MiFID. This will not work in an insurance context, and it is not immediately clear what the perceived benefit of adding the definition to the IDD would be.</p> <p>MiFID II distinguishes between independent advice and other types of advice and introduces a ban on commission for independent advice. IDD is neutral about distribution channels: From the consumer's point of view, the same consumer protection standards apply to all distributors. Accordingly, a distinction between independent and other advice by transferring the MiFID II model into IDD could, depending on the national market structure, lead to uneven competitive conditions between distribution channels.</p> <p>Commission caps</p> <p>Rather than placing restrictions on levels of the commission charged, enhanced transparency requirements would allow a consumer to understand what they are being charged and make their own judgement on whether it is reasonable. What appears to be a high rate of commission may in fact be justified by the specific nature of the sale/advice provided.</p> <p>Complex products</p> <p>EIOPA proposes a specific commission ban for complex products. This does not seem logical as these are products where advice is most valuable.</p> <p>In addition, we would like to highlight the following:</p> <ul style="list-style-type: none"> • More attention should be paid to the fact that independent fee-based advice remains partially unregulated. It is important to understand that conflicts of interest could also arise in fee-based models. For example, more hours than needed could be 	
--	--	--

		<p>charged for the advice. In contrast to the commission system, there are usually no claw-back mechanisms in case of early surrender.</p> <ul style="list-style-type: none"> • In contrast to the commission model, it should also be considered that with fee-based advice models, each service is charged separately during the term of the contract, whereas with commission-based advice, no further charges are incurred apart from the one-off acquisition commission. Necessary changes and services such as the adjustment of the integrated funds to changed capital market conditions and/or changed circumstances of the client (e.g., change to low-risk funds at a higher age) are charged separately with fee-based models and cause additional costs. 	
Bundesarbeitsgemeinschaft zur Förderung der Versicherungsmakler (BFV)	Q12	Wir begrüßen viele Darlegungen und Ansichten der EIOPA, teilen aber die in den Optionen vorgeschlagenen Ratschläge nicht. Von Verfeinerung über Verschärfung bis hin zum kompletten Verbot von Provisionen ist alles vorhanden, außer, erst einmal keine weiteren Maßnahmen zu ergreifen, da keine erheblichen Probleme identifiziert wurden. Was wir daher vermissen, aber begrüßen würden: Die Regulierung erst einmal über einen längeren, angemessenen Zeitraum wirken lassen und dann, wenn dennoch gravierende Missstände erkannt werden, punktuell und zielgerichtet die Regulierung entsprechend anpassen.	Noted and agreed. The list of policy options has now been updated to include an option of “maintain the status quo” with a set of pros and cons, but at the same time, EIOPA has included in its recommendations that based on its own consumer trends and conduct oversight work, it sees a clear need for improvement to the existing rules to drive good outcomes for consumers.
Insurance Europe	Q12	EIOPA has captured many of the relevant policy options but seems to have overlooked the possibility of making no changes at all to the IDD. As EIOPA noted in the report on the application of IDD, it is very early to make an assessment of the functioning of IDD, and therefore too early to consider such wide-ranging changes to the regulatory framework. It is crucial that the EC does not enact far-reaching changes such as those considered in the report without a comprehensive impact assessment. EIOPA accurately points this out within the detailed explanations, that this was not possible given the short time available, but it should also be explicitly included as advice to the EC.	Noted and agreed. The list of policy options has now been updated to include an option of “maintain the status quo” with a set of pros and cons, but at the same time, EIOPA has included in its recommendations that based on its own consumer trends and conduct oversight work, it sees a clear need for improvement to the existing

	<p>Unfortunately, due to the limited scope given by the European Commission’s mandate, there was no chance for EIOPA to take broader considerations into account e.g., with respect to the CMU objective of enhancing consumers’ trust in financial markets. In our view, further restrictions on inducements can only make a very limited contribution and other measures would be more helpful.</p> <p>As an industry we do not see a pressing need to make any changes to the IDD. It would be helpful if EIOPA’s final report also included an analysis of the risks and benefits of simply maintaining the status quo.</p> <p>Overall, there is a limit to how much impact rules at the point of sale will have on consumers. EIOPA’s suggestion to look at other measures applicable throughout the lifecycle of the product is welcome. That said, we would like to highlight the following key points with some of the policy options considered by EIOPA.</p> <p>EU-wide commission ban</p> <p>An EU-wide commission ban, whether based on current MiFID rules, or going further and banning the charging of commission completely, is not a viable policy option for the insurance sector. The report repeatedly notes the diversity of the EU insurance markets. We would like to point out that the established national distribution systems have endured because they are able to meet the needs and expectations of national consumers and national regulators and reflect the national differences in culture and regulation.</p> <p>Insurance Europe does not believe a single solution can be found that would be effective in all EU markets. In many markets there are less far-reaching measures that could address the potential concerns identified by EIOPA. Instead of bans or caps on inducements stronger efforts should be made to raise awareness of the importance of high-quality advice, which is a valuable professional service that comes at a cost. We also note that as a potential detrimental outcome to consumers arising from the payment/receipt of inducements, EIOPA refers to “high commissions paid” and “high</p>	<p>rules to drive good outcomes for consumers.</p> <p>Although EIOPA has not been able to carry out a full impact assessment, it has referred to national regulatory frameworks which have been based on extensive impact assessments in some cases.</p>
--	--	--

	<p>costs” (e.g. point 116 and 117) without further elaborating on the elements considered to qualify them as “high”. Rather than setting arbitrary limits, transparency and information should be used to support consumer choice.</p> <p>Inducement bans and restrictions may have been effective in some markets, and where they are in place they could be maintained. However, in markets where distributors rely solely on commission, the introduction of a ban could limit consumers’ access to advice. Access to advice, for those consumers who would benefit from it, is important for increasing consumer participation and trust in capital markets. Measures taken under the RIS should not restrict consumers’ ability to access affordable high-quality advice and should work within existing market structures</p> <p>We understand that time constraints mean that a full impact assessment of this policy option has not been carried out. It is absolutely vital that the EC carry out an impact assessment as part of the development of the RIS if this option is to be considered. A commission ban would require a complete overhaul of the distribution system in many markets. A full impact assessment across all markets would be needed to properly assess the impact across all the diverse distribution systems currently operating in the EU.</p> <p>The EIOPA final report should better reflect the potential detrimental impacts of introducing an EU-wide ban.</p> <p>Transparency</p> <p>Rather than restrict commission directly, a more proportionate policy option would be increasing transparency of the commission charged to the consumer. This enables them to make an informed choice of whether or not they feel the level of commission charged is reasonable. The IDD already includes some transparency requirements, but these could be strengthened.</p>	
--	--	--

VOTUM Verband	Q12	<p>Wir sind der Auffassung, dass auch die Beibehaltung des derzeitigen Status Quo als mögliche Option erwogen werden sollte. Dies beruht insbesondere darauf, dass hinsichtlich der Umsetzung der IDD und der daraus resultierenden Verbesserungen für den Verbraucherschutz in einer Vielzahl von europäischen Staaten noch keine ausreichende Datenlage vorliegt. Dies hat auch der letzte EIOPA-Bericht (https://www.eiopa.europa.eu/media/news/eiopa-publishes-report-application-of-insurance-distribution-directive_en) in eindrucksvoller Art und Weise bestätigt. Hier sollte, bevor auf einer unzureichender Datenbasis Ratschläge erteilt werden, erst einmal abgewartet werden, ob nicht bereits die Umsetzung der IDD die gewünschten Veränderungen nach sich zieht.</p> <p>Nicht zuletzt eine Ende 2021 veröffentlichte Studie von KPMG (https://home.kpmg/de/de/home/themen/2021/11/auf-provisionsberatung-verzichten.html) zeigt eindeutig, dass die sachgerechte Heranführung der Kunden und deren fachkundige Begleitung bei der Altersvorsorge nur durch den Erhalt der provisionsbasierten Beratung gewährleistet werden kann. Eine Einschränkung der provisionsbasierten Beratung würde insbesondere zu einer Beratungslücke bei der Gruppe der besonders beratungsbedürftigen Kunden führen. Dies liegt vor allem daran, dass sich die Honorarberatung für diese Anleger mit kleinen Anlagebeträgen nicht rechnet oder gar unüberwindbare Kostenhürden darstellt. Ein Ergebnis der Studie ist beispielsweise, dass mehr als die Hälfte aller Investitionen von Retail-Kunden in Deutschland mit Beträgen unter 5.000 Euro getätigt werden. Bis zu einem Anlagebetrag von 25.000 Euro ist die Honorar-Anlageberatung jedoch deutlich teurer als die provisionsbasierte Beratung.</p>	Noted and agreed. The list of policy options has now been updated to include an option of “maintain the status quo” with a set of pros and cons, but at the same time, EIOPA has included in its recommendations that based on its own consumer trends and conduct oversight work, it sees a clear need for improvement to the existing rules to drive good outcomes for consumers.
Austrian Federal Economic Chamber, Division Bank and Insurance	Q12	EIOPA has captured many of the relevant policy options but seems to have overlooked the possibility of making no changes at all to the IDD. As EIOPA noted in the report on the application of IDD, it is very early to make an assessment of the functioning of IDD, and therefore too early to consider such wide ranging changes to the regulatory framework. It is crucial that the EC does not enact far-reaching changes such as those considered in the report without a comprehensive impact assessment. EIOPA accurately points this out within the detailed explanations, that this was not possible given the short time available, but it should also be explicitly included as	Noted and agreed. The list of policy options has now been updated to include an option of “maintain the status quo” with a set of pros and cons, but at the same time, EIOPA has included in its recommendations that based on its own consumer trends and conduct oversight work, it sees a clear

	<p>advice to the EC.</p> <p>Unfortunately, due to the limited scope given by the European Commission’s mandate, there was no chance for EIOPA to take broader considerations into account e.g., with respect to the CMU objective of enhancing consumers’ trust in financial markets. In our view, further restrictions on inducements can only make a very limited contribution and other measures would be more helpful.</p> <p>As an industry we do not see a pressing need to make any changes to the IDD. It would be helpful if EIOPA’s final report also included an analysis of the risks and benefits of simply maintaining the status quo. Overall there is a limit to how much impact rules at the point of sale will have on consumers. EIOPA’s suggestion to look at other measures applicable throughout the lifecycle of the product is welcome. That said, we would like to highlight the following key points with some of the policy options considered by EIOPA.</p> <p>EU-wide commission ban</p> <p>An EU-wide commission ban, whether based on current MiFID rules, or going further and banning the charging of commission completely, is not a viable policy option for the insurance sector. The report repeatedly notes the diversity of the EU insurance markets. We would like to point out that the established national distribution systems have endured because they are able to meet the needs and expectations of national consumers and national regulators and reflect the national differences in culture and regulation.</p> <p>The VVO does not believe a single solution can be found that would be effective in all EU markets. In many markets there are less far-reaching measures that could address the potential concerns identified by EIOPA. Instead of bans or caps on inducements stronger efforts should be made to raise awareness of the importance of high-quality</p>	<p>need for improvement to the existing rules to drive good outcomes for consumers.</p> <p>Although EIOPA has not been able to carry out a full impact assessment, it has referred to national regulatory frameworks which have been based on extensive impact assessments in some cases.</p>
--	--	---

	<p>advice, which is a valuable professional service that comes at a cost. We also note that as a potential detrimental outcome to consumers arising from the payment/receipt of inducements, EIOPA refers to “high commissions paid” and “high costs” (e.g. point 116 and 117) without further elaborating on the elements considered to qualify them as “high”. Rather than setting arbitrary limits, transparency and information should be the means of choice.</p> <p>Inducement bans and restrictions may have been effective in some markets, and where they are in place they could be maintained. However, in markets where distributors rely solely on commission, the introduction of a ban could limit consumers’ access to advice. Access to advice, for those consumers who would benefit from it, is important for increasing consumer participation and trust in capital markets. Measures taken under the RIS should not restrict consumers’ ability to access affordable high quality advice and should work within existing market structures.</p> <p>We understand that time constraints mean that a full impact assessment of this policy option has not been carried out. It is absolutely vital that the EC carry out an impact assessment as part of the development of the RIS if this option is to be considered. A commission ban would require a complete overhaul of the distribution system in many markets. A full impact assessment across all markets would be needed to properly assess the impact across all the diverse distribution systems currently operating in the EU.</p> <p>The EIOPA final report should better reflect the potential detrimental impacts of introducing an EU-wide ban.</p> <p>Transparency</p> <p>Rather than restrict commission directly, a more proportionate policy option is would be increasing transparency of the commission charged to the consumer. This enables them to make an informed choice of whether or not the feel the level of commission</p>	
--	--	--

		<p>charged is reasonable. The IDD already includes some transparency requirements, but these could be strengthened.</p> <p>Further feedback on other proposals made by EIOPA can be found in the attachment</p>	
EIOPA IRSG	Q12	<p>The IRSG generally finds the list of policy options to be comprehensive. The group believes that these options would require proper impact assessment to take them further and ensure that a full list of pros and cons can be elaborated. This should include impact analysis of policy options at national level in different EU Member States, to assess possible differing impact of the policy options where different national realities exist.</p> <p>Some IRSG members called for the option of making no regulatory changes to be included and given equal assessment of its pros and cons of. This is particularly important as EIOPA has itself acknowledged that more time will be needed to assess the application of the current IDD rules. These members believe that the policy option of a blanket inducement ban is not viable for the insurance market, which would go beyond the existing MiFID II rules. A focus more generally should be on ensuring the transparency of costs that have an impact on returns. This is difficult to achieve given issues with the existing rules on pre-contractual information documents.</p> <p>Other IRSG members believe that EIOPA should at least advise the European Commission to select the policy options that align IDD and MiFID II requirements. This should in particular ensure the harmonisation on conflicts of interest provisions. The points of sale are often the same on retail side for IDD and MiFID II products, but distributors are complying with different conduct of business rules.</p>	<p>Noted and agreed. The list of policy options has now been updated to include an option of “maintain the status quo” with a set of pros and cons, but at the same time, EIOPA has included in its recommendations that based on its own consumer trends and conduct oversight work, it sees a clear need for improvement to the existing rules to drive good outcomes for consumers.</p> <p>Although EIOPA has not been able to carry out a full impact assessment, it has referred to national regulatory frameworks which have been based on extensive impact assessments in some cases.</p>
BIPAR	Q12	<p>General comments</p> <p>We believe that EIOPA has not assessed one key option, that is to the possibility of maintaining the IDD as it is.</p>	<p>Noted and agreed. The list of policy options has now been updated to include an option of “maintain the status quo” with a set of pros and</p>

	<p>The IDD provides for the obligation to put the customer's interest first, specifying in particular that no remuneration should lead to the customer being offered a less suitable product because of a higher remuneration. This framework is reinforced for the distribution of IBIPs.</p> <p>These principles need time to be fully implemented in practice. Consequently, we believe that this option, with its pros and cons, should be included in EIOPA technical advice.</p> <p>Any new rules introducing restrictions on commission, or a commission ban would require a complete assessment of the insurance distribution in the EU member states. Thorough impact assessment need to be carried out and national situations properly analysed. It can't simply be presumed that changes that may work in one country would also work in another. It is in any event clear that all systems have pro's and con's. Leaving choice on a transparent basis is important.</p> <p>Overall, we believe it is important that costs which have an impact on the potential return must be transparent. BIPAR has, from the outset, agreed that for all products which include an investment risk, specific, proportional and relevant pre-contractual information should be available. However, we also pointed out from the start how extremely ambitious and difficult it is to achieve a level playing field and relevant, real comparability between all products in the scope of PRIIPs, adding that there was a risk that harmonisation could result in mis-information of the retail investor.</p> <p>Commissions have the advantage of mutualising the cost of the advisory/intermediation / distribution service. Both % based systems, hourly rate systems, flat rate systems have pro's and con's depending upon the situation of the client. These are transparent costs. There is choice.</p> <p>For investment products it is important for the client to understand the impact that costs may have on the return of the investment. In this respect, BIPAR has also always</p>	<p>cons, but at the same time, EIOPA has included in its recommendations that based on its own consumer trends and conduct oversight work, it sees a clear need for improvement to the existing rules to drive good outcomes for consumers.</p> <p>Regarding the wording in para. 116, this has now been adjusted to decouple regulatory reforms from mis-selling scandals, by splitting into two sentences.</p>
--	--	--

		<p>insisted on the need for a level playing field and comparability of products and solutions that are comparable. BIPAR has also always pointed out that too much details about the costs can be counterproductive or misleading.</p> <p>Lastly, on Point 116 of its paper, EIOPA explains that “some Member States have experienced mis-selling with regard to the distribution of IBIPs to which high commissions paid to distributors significantly contributed and have taken significant regulatory measures as a result. Some examples of these recent reform national measures (for example, in NL, IE and SE) are listed in the Annex VI to this Consultation Paper”.</p> <p>BIPAR’s Irish member, Brokers’ Ireland would like to correct that statement. They believe that no mis-selling as described above took place in the Irish market. In Ireland it was simply decided to apply MiFID II rules to the distribution of IBIPs.</p> <p>This illustrates again that national authorities have the possibility to adapt the regulatory framework.</p>	
Assuralia	Q12	<p>Assuralia is not in favour of option 4, 5 and 6, as all these options do not take into account the key specifications of advice. Moreover, restricting remunerations by the way of caps or even bans would probably have negative effects on financial literacy because advisors will no longer perform this educational mission. Besides, one of the strengths of the commission system is that it enables accessible and affordable advice for all consumers, including vulnerable ones. The payment of commission pools the cost of advice, with all consumers who ultimately enter a contract financing advice for all those who receive it. Abolishing or limiting this proven system could have far reaching consequences that ultimately have a negative impact on consumers, intermediaries and the market.</p> <p>The most balanced option seems to be option 3 “Further bolstering rules on inducements at the product design phase (include enhanced responsibilities for senior</p>	Noted

		management) and enhanced conduct supervision/enforcement by NCAs”, as it is also linked to the ongoing work on value for money, under EIOPA supervision.	
Italian Banking Association	Q12	Please see our answer to Q10.	
AGEA (French association of general insurance agents)	Q12	<p>According to the Insurance Distribution Directive, the client’s best interest is the first priority. No remuneration should lead to offering the client less-adapted products in exchange for higher remuneration. This framework is even stronger in the case of IBIPs and should be fully applied in practice under the control of national supervisors.</p> <p>Consequently, the option not to modify the IDD should be considered. Otherwise, strengthening product oversight and governance may be an option.</p> <p>Option 6 – AGEA underlines that a complete ban on inducements would lead to the end of general insurance agents in France. According to the 2020 ORIAS report, there are 11 513 agents and approximately 26 000 employees. Inducements are the backbone of the general agents’ status. Their legal status relies on: cost of acquiring claims on the portfolio whose ownership remains with the insurer; remuneration for the underwriting and management of the mandating insurer’s contracts; end of mandate indemnity; calculation of the agent’s pension rights.</p> <p>AGEA would like to share its thinking that general agents’ situation is not reflected in the concept of inducement as defined in the IDD, as they are remunerated in a specific way.</p> <p>For agents, receiving a commission is the way they are paid for executing the services which are externalized by the mandating insurance company (underwriting and management of contracts are two pillars of the agent’s mandate according to applicable legislation (décret n° 96-902 du 15 octobre 1996 portant approbation du statut des Agents Généraux d'Assurances, annexe 1, article 1er.)</p> <p>In our view, these commissions should not be qualified as “inducements”.</p>	Noted. The pros and cons and potential market impacts are set out in the policy options.

ANASF	Q12	<p>We believe it is necessary the application of a level playing field in the regulations. In this way, uniform rules will be apply regardless of the sector. In our opinion, if the objective is to increase the protection of the retail investor, it is also necessary to take into consideration the modifications that will be introduced in the coming months to MiFID II to avoid that the IDD always have "different" rules, in terms of investor protection, from those provided by the Directive that regulates the financial sector.</p>	Noted
Austrian Insurance Association (VVO)	Q12	<p>EIOPA has captured many of the relevant policy options but seems to have overlooked the possibility of making no changes at all to the IDD. As EIOPA noted in the report on the application of IDD, it is very early to make an assessment of the functioning of IDD, and therefore too early to consider such wide ranging changes to the regulatory framework. It is crucial that the EC does not enact far-reaching changes such as those considered in the report without a comprehensive impact assessment. EIOPA accurately points this out within the detailed explanations, that this was not possible given the short time available, but it should also be explicitly included as advice to the EC.</p> <p>Unfortunately, due to the limited scope given by the European Commission’s mandate, there was no chance for EIOPA to take broader considerations into account e.g., with respect to the CMU objective of enhancing consumers’ trust in financial markets. In our view, further restrictions on inducements can only make a very limited contribution and other measures would be more helpful.</p> <p>As an industry we do not see a pressing need to make any changes to the IDD. It would be helpful if EIOPA’s final report also included an analysis of the risks and benefits of simply maintaining the status quo. Overall there is a limit to how much impact rules at the point of sale will have on consumers. EIOPA’s suggestion to look at other measures applicable throughout the lifecycle of the product is welcome. That said, we would like to highlight the following key points with some of the policy options considered by EIOPA.</p> <p>EU-wide commission ban</p>	<p>Noted and agreed. The list of policy options has now been updated to include an option of “maintain the status quo” with a set of pros and cons, but at the same time, EIOPA has included in its recommendations that based on its own consumer trends and conduct oversight work, it sees a clear need for improvement to the existing rules to drive good outcomes for consumers.</p> <p>Although EIOPA has not been able to carry out a full impact assessment, it has referred to national regulatory frameworks which have been based on extensive impact assessments in some cases.</p>

	<p>An EU-wide commission ban, whether based on current MiFID rules, or going further and banning the charging of commission completely, is not a viable policy option for the insurance sector. The report repeatedly notes the diversity of the EU insurance markets. We would like to point out that the established national distribution systems have endured because they are able to meet the needs and expectations of national consumers and national regulators and reflect the national differences in culture and regulation.</p> <p>The VVO does not believe a single solution can be found that would be effective in all EU markets. In many markets there are less far-reaching measures that could address the potential concerns identified by EIOPA. Instead of bans or caps on inducements stronger efforts should be made to raise awareness of the importance of high-quality advice, which is a valuable professional service that comes at a cost. We also note that as a potential detrimental outcome to consumers arising from the payment/receipt of inducements, EIOPA refers to “high commissions paid” and “high costs” (e.g. point 116 and 117) without further elaborating on the elements considered to qualify them as “high”. Rather than setting arbitrary limits, transparency and information should be the means of choice.</p> <p>Inducement bans and restrictions may have been effective in some markets, and where they are in place they could be maintained. However, in markets where distributors rely solely on commission, the introduction of a ban could limit consumers’ access to advice. Access to advice, for those consumers who would benefit from it, is important for increasing consumer participation and trust in capital markets. Measures taken under the RIS should not restrict consumers’ ability to access affordable high quality advice and should work within existing market structures.</p> <p>We understand that time constraints mean that a full impact assessment of this policy option has not been carried out. It is absolutely vital that the EC carry out an impact assessment as part of the development of the RIS if this option is to be considered. A commission ban would require a complete overhaul of the distribution system in</p>	
--	---	--

		<p>many markets. A full impact assessment across all markets would be needed to properly assess the impact across all the diverse distribution systems currently operating in the EU.</p> <p>The EIOPA final report should better reflect the potential detrimental impacts of introducing an EU-wide ban.</p> <p>Transparency</p> <p>Rather than restrict commission directly, a more proportionate policy option is would be increasing transparency of the commission charged to the consumer. This enables them to make an informed choice of whether or not the feel the level of commission charged is reasonable. The IDD already includes some transparency requirements, but these could be strengthened.</p> <p>For further details please attached file!</p>	
<p>Bund der Versicherten (BdV - German Association of Insured)</p>	<p>Q12</p>	<p>Yes, we mostly agree with the pros and cons of the proposed options. We particularly stress the following issues (following to no. 131, p. 50-57, of CP):</p> <ul style="list-style-type: none"> • No.1: Refining existing rules in the IDD on inducements: It is crucial to support those NCAs which have stated "that the existing criteria in the Level 2 legislation are currently too vague to be effectively supervised." Article 29 (1) (c) of IDD clearly stipulates that "where the customer so requests, an itemised breakdown of the costs and charges shall be provided." In consequence we advocate that for the refinement of the inducements disclosures, level 2 adjustments may be sufficient. • No. 2: Further enhancing disclosure of inducements to consumers and making the concept of an "inducement" easier to understand for consumers: an additional explanation of the concept of an "inducement" is helpful, but it should be part of the layered information approach following to Q 5 above. In the "most vital" information there should be a hint where to find additional information on this topic. In this way the possible danger "that this information is not absorbed by consumers" will be 	

		<p>excluded.</p> <ul style="list-style-type: none"> • No. 3: Further bolstering rules on inducements at the product design phase ... and enhanced conduct supervision/enforcement by NCAs: We stress the crucial assessment made by EIOPA that "mis-selling may also be the result of poor product design ... and a lack of monitoring activities performed by product manufacturers". We fully support EIOPA's proposal of leveraging existing work developed on target market identification, distribution strategies and remuneration practices to address undue costs being charged to policyholders. The specific benefits in looking at the whole product lifecycle clearly outweigh the potential disadvantages of possibly necessary amendments of other relevant EU regulations (cf. p. 52/53 of CP). • No. 4: Introducing a mandatory concept of "independent advice" into the IDD and introducing a ban on the payment/receipt of inducements for independent advice in line with MiFID II: This is one of the most important changes to be introduced to IDD which we fully support. Following to article 2 (1) (15) of IDD "advice" means the provision of a personal recommendation to a customer". In consequence this definition of advice does not take into consideration, if that advice is given "on the basis of an analysis of a sufficiently large number of insurance contracts available on the market" or not (cf. article 20 (3) of IDD). We have always considered this lack of legal definition as a crucial mistake and therefore strongly welcome this proposal for change. Policyholders need to know if advice is based on a fair comparison of products available on the markets or not. Nevertheless it is correct to take into consideration the fact that "in some Member States, the border lines between brokers and agents may be blurred". This is the case in Germany as well. That is why the broker ought to explain to the customers that there are two different ways of paying the distribution costs: traditional commissions or fee-based remuneration with premiums net of costs. There should be the legal obligation for any distributor to explain to the customers which way of distribution costs will be chosen when making the contract conclusion. When implementing the IDD, the German legislator has even introduced a third possibility: if a fee-based "advisor" is not able to select an IBIP net of commissions for the customer, he is allowed to "forward" the commission which he 	
--	--	---	--

		<p>receives from the insurer to the policyholder.</p> <ul style="list-style-type: none"> • No. 5./6. Full ban on the payment/receipt of inducements and intermediate options: We support the idea of a ban or at least a restriction the payment/receipt of inducements in the case of “execution-only sales”. Even if in the German market until now we could not find any example of this special category of IBIPs, there may be many cases in other EU member states. Additionally we fully support the idea of introducing a cap on the payment/receipt of commissions and inducements for any kind of IBIPs. For many years our organisation advocates this "cap of commissions" ("Provisionsdeckel"; cf. comment on Q 11), and even the national NCA (BaFin) supports this amendment (cf. BaFin Annual Conference in April 2021). <p>In conclusion we fully support EIOPA's proposed advice that there is "the need for more to be done to tackle damaging conflicts of interest arising throughout the product lifecycle of an insurance-based investment product, to address the risk of inducements leading to product bias and materially impacting the cost-efficiency and “value for money” of IBIPs. (...) A specific empowerment at Level 2 to develop this further and/or the scope for accompanying Level 3 measures to promote supervisory convergence could be particularly beneficial in this respect" (cf. p. 59 of CP).</p>	
Fédération Bancaire Française	Q12	<p>FBF is in favour of maintaining the status quo because the risks related to conflicts of interests are already under control.</p> <p>If one of the options proposed by EIOPA were absolutely to be adopted, FBF would be in favour of option 2, namely transparency on inducements via a compulsory disclosure on an ex-ante and periodic basis, but in percentage (not in amounts of inducements)</p> <p>However, we are not really convinced by one advantage of option 2 noted by EIOPA, namely that consumers would realize the impact that inducements can have on the service they receive (we are not sure that consumers are interested in knowing that fees charged to them are partly paid to distributors - the consumer wants information on the total amount of fees he pays regardless of the breakdown that is subsequently</p>	Noted

		<p>made of these costs).</p> <p>We are, of course, totally opposed to a ban of inducements even in the context of sales of IBIPS on an execution-only basis. Indeed, we believe such a ban would not favour any open architecture model and would complexify the provision of advice (mandatory in France) to clients who are not used to pay for it. This might either lead to a huge reduction of the quality of service provided (development of an execution-only way of selling for clients reluctant to pay for advice-usually the less fortunate and less educated ones) or to an exclusion of such clients (reluctant to directly pay for the service) from the IBIPS market.</p>	
<p>Gesamtverband der Deutschen Versicherungswirtschaft e. V.</p>	<p>Q12</p>	<p>Overall, we appreciate the well-done piece of work under chapter 3 and corresponding Annexes. Within the details, EIOPA presents well-balanced views on different policy options with their pros and cons. Unfortunately, this nuance seems to be lost within the proposed advice in the blue box. EIOPA seems to prefer option No 4, introducing a concept of independent advice including a ban on inducements for independent advice combined with a copy of the "quality enhancement concept" from MiFID II. IDD is neutral about the distribution channels: From the consumer's point of view, the same consumer protection standards apply to all distributors. According to GDV, a distinction between independent and other advice by transferring the MiFID II model into IDD would create unnecessary barriers for independent advice and lead to uneven competitive conditions between the different insurance distribution channels. GDV advocates the coexistence of different distribution models and regulatory neutrality on remuneration systems. Consumers should have the choice of receiving advice for a fee, using an intermediary who receives commission or contacting a product provider directly.</p> <p>Any proposals at the EU level that restricts supply or access to advice for consumers by limiting the options for the remuneration of this advice would be unfortunate. The German insurers therefore strictly reject any ban on commissions. There are milder remedies available to address the issues identified by EIOPA. Instead of bans or caps of inducements stronger efforts should be made to raise awareness of the importance of high-quality advice, which is a valuable professional service that comes at a cost.</p>	<p>Disagree. This is a misinterpretation of EIOPA's advice. EIOPA sees some benefits in introducing the concept of "independent advice" formally into the IDD, as opposed to it being a national option only. The advice does not say that EIOPA supports a ban on payment/receipt of inducements for independent advice.</p> <p>The list of policy options has now been updated to include an option of "maintain the status quo" with a set of pros and cons, but at the same time, EIOPA has included in its recommendations that based on its own consumer trends and conduct oversight work, it sees a clear need for improvement to the existing rules to drive good outcomes for consumers.</p>

	<p>The first option of the EC mandate namely, to maintain the existing rules on incentives, unfortunately remained unconsidered in the presented document. All proposals are ultimately aimed at further specifying and/or exacerbating the legal framework. EIOPAs starting point (no. 1) is the refining of existing rules. We see no need to do so, as there is currently no evidence that the existing legal framework is not adequate to ensure good consumer protection and a safe investment environment. The issues with inducements identified by EIOPA can be addressed appropriately with the existing instruments. The current IDD framework is modern, younger compared to MiFID II, flexible, and sufficient. Within the report on the application of the IDD, EIOPA concluded that because of the short period of application of the IDD and the fact that the impact of legislative change takes time to bed in, it would be important to reassess the application of the IDD at a later stage, before proposing any major changes to the legal framework.</p> <p>Both, IDD and MiFID II have already addressed the potential issue with conflicts of interests. The IDD provides appropriate measures to avoid, mitigate, or - as a measure of last resort - disclose potential conflicts of interest. Further enhancing the regulation is therefore neither necessary nor target-oriented regarding the actual objective of the retail investor strategy and other EU-Initiatives, namely</p> <ul style="list-style-type: none"> • the encouragement towards more sustainable investments and the need for advice for savers and investors on the ESG profiles of investments. • the focus on individual savings for retirement through e.g., the PEPP. • bolstering financial literacy. <p>Acknowledging all this, we would very much appreciate better integrating the missing option zero as well as Option 1 and 2 into the “blue box” proposal to the European Commission. Moreover, we would recommend including a hint into the proposals to the EU Commission that changes in the legal framework for remuneration should not be tackled without a solid impact assessment, especially as the possible harm that could arise would be irreparable over a longer period. EIOPA accurately points out,</p>	
--	---	--

		<p>that this was not possible given the short time available, but a referral within the proposals in the blue box is missing.</p> <p>Additional thoughts we would like to share in the attached ANNEX 1.</p>	
ING Bank NV	Q12	<p>EIOPA captured all relevant policy options for inducements very well with all its pros and cons. We are not in favour of any particular option or combination of options as long as for our customers there is full transparency and good value for money.</p> <p>We view that inducements can help ensure distributors to have sufficient margin to be able to provide quality services and advice to final clients which can be helpful in attracting customers to investment products. A straight out ban on inducements may result in constraints to the level of service to clients. This does not help retail clients in making the right choices. Then there is the risk that advice is not widely available and approachable for certain groups of customers. Especially for groups with low investment literacy customers could be put off investing by the focus on advice costs. As a result, customers might not start investing at all or moving to execution-only with limited investment literacy. In practice we notice across different EU markets that customers view paying separate fees as a barrier to invest, while commissions to third parties and other similar fees are likely to attract retail clients who would like to invest in straightforward services.</p> <p>In order to make inducements work for the industry and the consumer it is important that inducements are transparent in order for customers to be able to benchmark the charges and costs between banks. Moreover it is important to simplify and clarify the rules on inducements and harmonize them across the EU as currently the regime is complex and interpreted differently by most NCA's. Besides these improvements there is an overall need for better information provisioning for retail investors, improve their literacy, and have more simple services to help ensure customer protection.</p>	Noted and agreed re need to simplify and clarify rules on inducements
Bundesverband Deutscher Vermögensberater	Q12	<ul style="list-style-type: none"> Nach unserer Auffassung sollte EIOPA eine deutlich ausführlichere Analyse zu den Alternativen einer provisionsorientierten Beratung erstellen. Diese Alternativen sind: Honorarberatung, Beratung durch Angestellte und Verzicht auf Beratung (execution 	Noted and agreed. The list of policy options has now been updated to include an option of "maintain the

	<p>only). Dabei sollten neben pros und cons auch die Meinungen der Verbraucher eingeholt werden. Befragungen in Deutschland haben ergeben, dass die meisten Bürger es bevorzugen, wenn der Anbieter die Vergütung des Beraters regelt. Gerne sind wir dabei behilflich, an einer solchen ausführlichen Analyse mitzuwirken. Die hohe Akzeptanz der Provisionsberatung in Deutschland zeigt, dass die Kritik zumindest für Deutschland an den Realitäten vorbeigeht.</p> <ul style="list-style-type: none"> • An dieser Stelle möchten wir zwei „cons“ ergänzen, die inhaltlich zusammengehören und die einer Einschränkung von Provisionsberatung oder gar einem Provisionsverbot entgegenstehen. Sie wären der Liste von Abwägungsgründen hinzuzufügen. In Deutschland hätte man erhebliche verfassungsrechtliche Probleme, weil man mit einer Einschränkung der Berufsfreiheit oder gar dessen Verbot (zum Beispiel Abschaffung von Provisionserhalt für einen Handelsvertreter, was im deutschen Handelsrecht in § 87 HGB rechtlich zugesichert ist), massiv in das Grundrecht von Art. 12 GG - der Berufs- und Gewerbefreiheit - eingreifen würde. Solche Eingriffe bedürften zu ihrer verfassungs-rechtlichen Rechtfertigung zwingend ein zu schützendes Gemeinwohlinteresse. Dies könnte gegeben sein, wenn dringende Missstände/Fehlanreize bei dem jetzigen Anbieten von Versicherungsanlageprodukten gegeben wären. Um es vorwegzunehmen, hierfür gibt es keinerlei Belege oder irgendwelche empirischen Befunde. Somit fehlen zwingende Gemeinwohlgründe für einen Eingriff in die Berufsausübungsfreiheit der Anbieter von Versicherungsanlageprodukten. • Denn in Deutschland sind keine signifikanten Missstände gegeben, die neue oder gar verschärfte Regulierung erfordern würden. Im Bereich der Versicherungsanlageprodukte zeigt sich dies beispielsweise anhand der deutschen Beschwerdestatistiken, sowohl gemäß der Statistik der BaFIN als auch des Versicherungsombudsmanns (Vermittlerbeschwerden). Da die Anzahl der Beschwerden im Promillebereich liegen, ist von einer sehr hohen Beratungsqualität auszugehen. Auch die Stornoquoten von Lebensversicherungen in Deutschland sind seit vielen Jahren - schon vor Einführung der IDD - fortwährend rückläufig, sodass auch hier auf eine hohe Kundenzufriedenheit geschlossen werden kann. Daran haben 	<p>status quo“ with a set of pros and cons, but at the same time, EIOPA has included in its recommendations that based on its own consumer trends and conduct oversight work, it sees a clear need for improvement to the existing rules to drive good outcomes for consumers.</p> <p>The lack of consumers complaints directed towards the activities of insurance intermediaries can also be potentially linked to lack of awareness/understanding/lack of disclosure to the consumer of the impact which inducements have on the integrity of the sales process.</p>
--	---	---

		<p>auch die Beratungsleistungen der Versicherungsvermittler einen hohen Anteil und in Deutschland arbeiten über 99 % der Versicherungsvermittler auf Provisionsbasis. Die von Verbraucherschutzorganisationen vielfach ins Feld geführten Interessenskonflikte bei der Provisionsberatung lassen sich anhand von Missständen in Deutschland empirisch nicht belegen! Die Verbraucherschutzorganisationen behaupten anhand von Einzelfällen das Gegenteil. Diese Einzelfälle stehen in keiner nennenswerten Relation zur Anzahl der Beratungsfälle insgesamt. Deswegen plädieren wir entschieden dafür, im IDD - und im MiFID II - Bereich keine weiteren Hürden aufzubauen, um Provisionsberatung zu erschweren und/oder Honorarberatung einseitig zu fördern. Dem Kunden sollte die Wahlfreiheit für den von ihm gewünschten Beratungsweg gelassen werden. Gerade bei der Entwicklung einer Strategie für Kleinanleger wäre es besonders wichtig, den von den Kunden seither präferierten Vertriebsweg eher stärker zu fördern. Werden dem Kunden die von ihm präferierten Wege genommen, wird der Marktzugang für Kleinanleger nicht – wie in der EU-Kommission gewünscht – verbessert, sondern verschlechtert.</p> <ul style="list-style-type: none"> • Deswegen befürworten wir den jetzigen IDD-Ansatz des Nebeneinanders von Provisions- und Honorarberatung. Weiterhin sollte sich hier der Kunde frei entscheiden dürfen! Bei den in der Konsultation von EIOPA vorgeschlagenen Optionen raten wir von „bans“ und „caps“ - also Provisionsverboten und Provisionsdeckelungen - aus den oben genannten Gründen generell ab. Man sollte deswegen auch die Beibehaltung des „Status quo“ als mögliche Option vorsehen – wie es ja das Mandat der Kommission (siehe Seite 42) auch anspricht „maintain existing rules“. Auf jeden Fall sollte im Sinne einer Verhältnismäßigkeit, wenn überhaupt, das mildere Mittel (die mildere Option) Beachtung finden. Auch wäre zu ergänzen, dass eine anfallende Umsatzsteuer - nach deutschem Steuerrecht - die Honorarberatung für den Kunden zusätzlich verteuern würde. 	
Actuarial Association of Europe	Q12		

<p>Die Deutsche Kreditwirtschaft</p>	<p>Q12</p>	<p>The decision whether or not to ban inducements can only be answered consistently for the insurance and the securities sector (necessary level-playing-field). The arguments in favour or against a ban on inducements apply in both sectors accordingly.</p> <p>We want to comment in particular on the aspect of an advice gap in the event of an inducement ban. In our view, it is not the right approach to “ban/restrict the payment/receipt of all inducements across the EU in relation to the provision of insurance advice” (cf. page 54 of the report). As EIOPA rightly points out, “the impact for 27 different markets is unpredictable” and “another risk often cited relates to the risk of creating an “advice gap”/the potential for financial exclusion for less affluent/low volume consumers ..., as consumers may not be willing to pay large up-front fees or revert to robo-advice/execution-only sales as a result”.</p> <p>In this context, we would like to share some insights from a recent study on commission-based investment advice in securities for the German market (cf. KPMG, “The future of advice - A comparison of fee-based and commission-based advice from the perspective of retail clients”, November 2021; https://home.kpmg/de/de/home/themen/2021/11/auf-provisionsberatung-verzichten.html). The results clearly show that banning inducements creates an advice gap for less wealthy consumers which underlines EIOPA’s considerations on a possible ban of inducements for the insurance market. Thus, the study shows that:</p> <ul style="list-style-type: none"> • The vast majority of retail clients can only invest small amounts. For example, more than half of securities savings plans (54.6%) amount to less than EUR 100 per month, a quarter (28.3%) even to less than EUR 50. In the case of one-off investments in securities, 55.5% are less than EUR 5,000. • The average hourly rate for fee-based investment advice starts from 180 EUR in Germany. However, most investors are neither able nor willing to afford such advice. Thus, 74% of respondents are not prepared to pay for investment advice at all. Only 0.3% of respondents would be willing to pay the average hourly fee of 180 EUR which 	<p>Noted and in particular regarding risks of more disclosure leading to information overload</p>
--	------------	---	---

		<p>clearly shows that consumers are not willing to pay large up-front fees.</p> <ul style="list-style-type: none"> • The immediate result of a commission ban would therefore be retail investors shunning away from (capital) markets. In Germany, 35% of respondents would not seek investment advice at all in case of a commission ban, 38% would do so less frequently and 24% would buy fewer or no financial instruments at all. • Additionally, a commission ban would result in a strong realignment of advisors' business models towards high-net-worth individuals. In countries where inducements are banned (i.e. the UK and the Netherlands), the advice gap for retail clients is already a reality. Research by HM Treasury shows that 69 % of advisers in the UK have already turned clients away (the most common reason for this was affordability, with 43 % of advisers turning away clients stating the advice services offered would not have been economic given the circumstances of those clients). Medium and low net worth investors in particular can no longer afford to take advice. For example, 40 % of UK investment advisers have a minimum asset requirement, which is often GBP 50,000 (around EUR 60,000). The situation is similar in the Netherlands, where traditional investment advice is found almost exclusively in private banking and requires assets of up to EUR 500,000. <p>To summarize, banning inducements (for insurance-based products or securities) is not an option. In addition to the lack of acceptance of advisory fees, fee-based advice is also simply too expensive for less affluent clients. Consumers must therefore continue to have the choice between commission-based advice and fee-based advice.</p> <p>EIOPA mentions that “a number NCAs see some benefits in enhancing further existing disclosure requirements for inducements”. This approach would have the merit of not affecting the freedom of choice between the fee-based and the commission-based model. However, at least in the securities business we currently do not see how disclosure rules could be any more transparent. If this approach should be further pursued, it is important that more transparency is for the benefit of the clients and does not lead to more information overload.</p>	
--	--	--	--

Allianz SE	Q12	<p>In general, we see that the current IDD rules are generally sufficient to address all material detrimental developments for investors, should they arise. Even though such developments may require occasional intervention of supervisors, an overly strict restriction on inducements runs other risks, in particular disproportionately shrinking distribution infrastructure and contributing to an advice / pension gap.</p> <p>If at all, the options 1 “refining existing rules in the IDD on inducements” and 2 “further enhancing disclosure of inducements to consumers and making the concept of an “inducement” easier to understand for consumers” (page 51 of the consultation paper) have the potential to enhance customer protection, while building on the current regulatory framework, hence accommodating the heterogeneity in insurance distribution channels and types of IBIPs sold, against the background that the commissions-based model remains the prevailing practice in most Member States.</p> <p>While inducements at earlier stages in the product lifecycle are not explicitly addressed in the current rules, they are effectively, albeit indirectly, addressed via the requirements formulated for the later stages. In particular, the principles-based POG requirements effectively require producers to avoid any designs that work to the detriment of the customer. In effect, these requirements should provide a sufficient basis to address detrimental designs at earlier stages in the product lifecycle. Therefore, additional explicit regulation further bolstering rules on inducements at the product design phase (option 3) does not seem necessary.</p> <p>It is not clear how the absence of a harmonized formal definition of “independent advice” (option 4) would inhibit the ability to tackle damaging conflicts of interests in the distribution of IBIPs and how an EU-wide harmonization of such formal definition of “independent advice” would be necessary to address such inhibition. If such harmonization is sought, dedicated studies should be conducted beforehand to (i) assess the scope and intensity of such issues, (ii) determine the causes of the issues addressed and (iii) test alternative scopes for definitions of “independence” regarding their ability to address such causes.</p>	Noted
------------	-----	--	-------

	<p>The impact of a ban/restriction of the payment/receipt of all inducements across the EU in relation to the provision of insurance advice (option 5) would indeed be unpredictable and have a material impact across the markets, considering their heterogeneity and prevailing commission-based distribution models. While there may be problematic designs of inducement arrangements, it should not be overlooked that properly designed inducement arrangements ensure access and affordability of advice, in particular for many beneficial low-volume retail investments. Many inducements, e.g. contingent commissions, help to ensure free pre-contractual advice for broad consumer segments. In particular, personal advice may also be substantially less available in rural areas that lack sufficient scale. This may in effect deprive less well-off and rural consumers from certain products.</p> <p>Specifically, if inducement arrangements are properly designed, the volume invested can be maintained for each consumer and ultimately avoid drying up completely for whole segments of the population. The main reason is the vicious circle of effective cost increases that is triggered by the much lower base of clients leading in particular to a disproportionately higher average fixed cost for each of them. This in turn leads to disproportionately shrinking networks for distribution and advice.</p> <p>Furthermore, it should be noted that large volume investors in effect typically finance a larger part of the fixed costs / cost base of the advice and distribution networks than lower volume investors. If inducement arrangements are properly designed, the level of advice can be maintained, in particular for lower volume investments. Inducements therefore in effect enhance the access to quality advice and distribution, in particular for lower volume investors, typically for less well-off and rural consumers, which are proportionately more expensive to service.</p> <p>Finally, on the investor side, it is worth noting that a more restrictive approach would exacerbate the old age provision / pension gap. Since investments always compete with other (seemingly more attractive) uses of the funds, in particular immediate</p>	
--	--	--

		consumption, the pension gap may be widening substantially, especially for financially weaker consumers.	
FECIF	Q12	We believe that maintaining the current status quo should also be considered as a possible option. This is based in particular on the fact that with regard to the implementation of the IDD and the resulting improvements for consumer protection in a large number of European states, there is not yet sufficient data available. This was also impressively confirmed by the last EIOPA report (https://www.eiopa.europa.eu/document-library/report/report-application-of-insurance-distribution-directive). Before giving advice on the basis of insufficient data, we should first wait and see whether the implementation of the IDD will not already bring about the desired changes.	Noted and agreed. The list of policy options has now been updated to include an option of “maintain the status quo” with a set of pros and cons, but at the same time, EIOPA has included in its recommendations that based on its own consumer trends and conduct oversight work, it sees a clear need for improvement to the existing rules to drive good outcomes for consumers.
Sparbanken Skåne AB (publ)	Q12	We agree that the question of remuneration should be viewed over the products life cycle. Producers should take more responsibility. Distributors need better guidelines about who to evaluate if the remuneration in at certain product is aligned with the legislation.	Noted
VOTUM Verband	Q12	We believe that maintaining the current status quo should also be considered as a possible option. This is based in particular on the fact that with regard to the implementation of the IDD and the resulting improvements for consumer protection in a large number of European states, there is not yet sufficient data available. This was also impressively confirmed by the last EIOPA report (https://www.eiopa.europa.eu/document-library/report/report-application-of-insurance-distribution-directive). Before giving advice on the basis of insufficient data, we should first wait and see whether the implementation of the IDD will not already bring about the desired changes.	Noted and agreed. The list of policy options has now been updated to include an option of “maintain the status quo” with a set of pros and cons, but at the same time, EIOPA has included in its recommendations that based on its own consumer trends and conduct oversight work, it sees a clear need for improvement to the existing rules to drive good outcomes for consumers.
Question 13: Where do you see the most significant overlaps lie between the demands and need test and suitability assessment and what can be done to address these overlaps?			

Polish Chamber of Insurance	Q13	No answer	
BETTER FINANCE	Q13	We believe that distributors should retain the obligation to assess the long-term needs of the prospective client as part of the suitability assessment. Also, we agree with BdV, the most significant overlaps between the demands and needs test for execution-only services and the suitability assessment concerns biometric risk coverage, liquid reserves and the risk tolerance.	Noted
Irish Life Assurance PLC	Q13		
Unipol Gruppo S.p.A.	Q13	<p>The demands and need test and suitability assessment may indeed overlap in certain situation, especially in those jurisdictions (such as Italy) where the sale of IBIPs is always performed in the context of a portfolio advice and, thus, through a suitability assessment. In these cases, the performance of the demand and needs test risks being a thick-boxing exercise with no added value for the clients, as it has also been acknowledged by EIOPA in its recent report on the functioning of IDD.</p> <p>However, we recognize that in theory demands & needs test should represent a first moment of analysis of the consumer's needs and objectives before moving towards a more structured sales assistance phase (suitability test). According to the IDD, the sale of all insurance products is subject to a demands & needs test that requires distributors to make sure that products are consistent with each customer's expectations.</p> <p>In light of the above, whereas we agree that demands & need test has the potential to play a positive role for investors, we suggest rethinking the scope, objectives and contents of the of such test because in its current form it risks being an empty exercise, totally absorbed by the suitability test.</p> <p>That being said, widening the scope of our answer to the non-life sector, demands & needs test provides little or no value with respect to certain insurance products such as compulsory insurance (e.g. car insurance) or bespoke insurance products, which do not raise significant risk of mis-selling. In these cases, performing the demands & needs test is practically useless for customers and hinders the marketing of certain</p>	Noted re need to rethink the scope, objectives and contents of the demands & needs test

		products, worsening the overall customer experience, especially in case of instant and multi-channel insurance distribution.	
Dutch Association of Insurers	Q13		
France Assureurs (Fédération Française de l'Assurance)	Q13	<p>In France, the demands and needs test is an integral part of the duty to advise and is supported by other components of the suitability test. Indeed, in France, the duty to advise includes the demands and needs test as well as the obligation to enquire about the subscribers' knowledge and experience in financial matters, their personal and financial situation and their investment objectives which are also the components of the suitability assessment. Moreover, according to the French the law, distributors must justify, based on this information, their reasons for advising one product in particular. Furthermore, recommendation 2013-R-01 of the French supervisor (ACPR) details the information to be obtained from the client (family situation, personal wealth, income, expenses, investment horizon, risk tolerance, financial capacity, etc.) and the precautions to be taken (in particular checking the consistency of the information given by the client), to provide appropriate advice. The recommendation also provides for a further assessment in the event of a significant change to the contract or allocation.</p> <p>That's why we do not see significant overlaps between the demands and need test and suitability assessment.</p>	Noted. One of the challenges is that the "demands and needs" test has been implemented in different ways across Member States.
Länsförsäkringar	Q13		
ASSORETI - Association of intermediaries which provide investment advice service through their network of qualified individual financial advisors.	Q13		
Insurance Ireland	Q13	Under IDD, the sale of all insurance products is subject to a "demands and needs" test that requires distributors to make sure that products are consistent with each	Noted

		<p>customer's expectations. This must be carried out whatever the type of insurance product involved, regardless of the way in which the product is sold and includes unadvised sales. While Ireland has not seen much differentiation between the demands and needs test and suitability assessment the requirement for a demands and needs test is unique to the insurance sector and has benefitted consumers by ensuring that any products proposed to them meet their individual need. Moreover the demands and needs test is an inherent part of the suitability test and has shown to work well within the market with a low rate of complaints recorded. The examples provided by Insurance Europe in the Response to the EIOPA Survey on the application of the Insurance Distribution Directive demonstrate a measured but overall positive trend in the number of complaints.</p> <p>The demands and needs requirements need to remain flexible and proportionate to the complexity and risks of the products and services provided.</p>	
BEUC, The European Consumer Organisation	Q13	N/A	
ANIA	Q13	<p>We believe that, when advice is offered, the intermediary provides a personalised recommendation aimed at allowing the customer to understand why the proposed contract could potentially best meet the demands and needs of the latter.</p> <p>We agree with EIOPA that advice is a continuation and improvement of the assessment of demands and needs and, therefore, does not involve additional efforts. The same applies to the suitability assessment in the context of consulting on insurance investment products.</p>	Noted re fact that advice is a continuation and improvement of the assessment of demands and needs
ACA	Q13		
Institut des actuaires (France)	Q13		
Spanish Banking Association	Q13		
Bundesarbeitsgemeinschaft zur Förderung der Versicherungsmakler (BFV)	Q13		

<p>Insurance Europe</p>	<p>Q13</p>	<p>The demands and needs test is closely linked to establishing the investor profile, and both of these are an inherent part of the suitability assessment. In this regard, the question of overlaps is not really relevant. The process of establishing the demands and needs feeds directly into and is an integral part of the suitability assessment. Overlaps between the demands and needs test and the suitability assessment are inherent in the structure of the relevant provisions of the IDD and are not a problem in practice.</p> <p>When advice is provided, the distributor owes a personalised recommendation as to why the proposed contract would best meet the customer's demands and needs. As EIOPA states in the consultation paper, advice is a continuation and enhancement of the demands and needs test and, therefore, does not lead to additional effort. The same applies to the suitability assessment, which specifies the requirements for the provision of advice on insurance-based investment products.</p> <p>Additional guidance at the European level would not be helpful as this risks undermining well established national practices that enable the demands and needs test and suitability assessment to coexist. Where EIOPA has identified concerns, these should be resolved by national supervisors, the insurance ombudsman, and civil courts (as necessary). Extensive and detailed specifications of the requirements on level 2 or 3, on the other hand, often carry the risk of creating red tape in the form of processes which are necessary in some yet redundant in other cases, and which are nonetheless always applied for compliance reasons.</p> <p>EIOPA's objective with this concept seems to be to ease the questioning of the customer by the distributor and to avoid tick and box approaches. However, there are already provisions in IDD to avoid excessive questioning the consumer. Article 20 and 30 IDD provides a framework for the questions that must be asked and specifies that the questions must relate to the client's investment objectives, including their risk tolerance, financial situation including capacity to incur losses, and the client's knowledge and experience. We would, therefore, suggest that the benefits of</p>	<p>Noted, but disagree re no need for additional measures at Level 2 or Guidance at Level 3. What EIOPA's own oversight work and work on the IDD application report show is that the issue of the scope of these two assessments cannot easily be resolved in the current regulatory framework</p>
-------------------------	------------	---	--

		additional, detailed requirements should be carefully evaluated against possible disadvantages.	
VOTUM Verband	Q13	<p>: Einer Vereinfachung der Geeignetheitsprüfung stehen wir grundsätzlich kritisch gegenüber. Die Begründung dazu finden Sie in unserer Antwort auf Frage 7.</p> <p>Gerade die Geeignetheitsprüfung im Bereich der Altersvorsorge sollte im Rahmen einer ganzheitlichen Beratung des Kunden erfolgen. Der hierfür vorgegebene Gesetzesrahmen stellt eher ein Minimum da als eine Grundlage für eine wirklich umfassende Kundenexploration.</p>	Noted
Austrian Federal Economic Chamber, Division Bank and Insurance	Q13	<p>The demands and needs test is closely linked to establishing the investor profile, and both of these are an inherent part of the suitability assessment. In this regard, the question of overlaps is not really relevant. The process of establishing the demands and needs feeds directly into and is an integral part of the suitability assessment. Overlaps between the demands and needs test and the suitability assessment are inherent in the structure of the relevant provisions of the IDD and are not a problem in practice.</p> <p>When advice is provided, the distributor owes a personalised recommendation as to why the proposed contract would best meet the customer's demands and needs. As EIOPA states in the consultation paper, advice is a continuation and enhancement of the demands and needs test and, therefore, does not lead to additional effort. The same applies to the suitability assessment, which specifies the requirements for the provision of advice on insurance-based investment products.</p> <p>Additional guidance at the European level would not be helpful as this risks undermining well established national practices that enable the demands and needs test and suitability assessment to coexist. Where EIOPA has identified concerns, these should be resolved by national supervisors, the insurance ombudsman, and civil courts (as necessary). Extensive and detailed specifications of the requirements on level 2 or 3, on the other hand, often carry the risk of creating red tape in the form of processes which are necessary in some yet redundant in other cases, and which are</p>	Noted, but disagree re no need for additional measures at Level 2 or Guidance at Level 3. What EIOPA's own oversight work and work on the IDD application report show is that the issue of the scope of these two assessments cannot easily be resolved in the current regulatory framework

		<p>nonetheless always applied for compliance reasons.</p> <p>EIOPA's objective with this concept seems to be to ease the questioning of the customer by the distributor and to avoid tick and box approaches. However, there are already provisions in IDD to avoid excessive questioning the consumer. Article 20 and 30 IDD provides a framework for the questions that must be asked and specifies that the questions must relate to the client's investment objectives, including their risk tolerance, financial situation including capacity to incur losses, and the client's knowledge and experience. We would, therefore, suggest that the benefits of additional, detailed requirements should be carefully evaluated against possible disadvantages.</p>	
EIOPA IRSG	Q13	<p>The demands and needs test and suitability assessment are important to ensure consumer protection. There could be room to improve both processes including to clarify the different functions they have at different stages of the sales process. Some members believe that this should, however, be considered as a potential change to the Level 1 IDD text and not as Level 3 guidance. Some markets where problems arise seem to have been able to resolve them at national level, reducing the need for EU-level guidance. The four years of experience with the IDD is also not necessarily sufficient to draw clear conclusions on the functioning of the demands and needs test and suitability assessment so far.</p>	<p>Noted, but disagree re no need for additional measures at Level 2 or Guidance at Level 3. What EIOPA's own oversight work and work on the IDD application report show is that the issue of the scope of these two assessments cannot easily be resolved in the current regulatory framework and sufficient clarifications cannot only be provided through a Level 1 change</p>
BIPAR	Q13	<p>As underlined by EIOPA, while the assessment of suitability and appropriateness is only required for IBIPs, the demands and-needs test applies to all insurance contracts.</p> <p>BIPAR does not believe that there is, in reality, an overlap issue between the IDD demands and needs test and the IDD assessment of suitability and appropriateness as long as the demands and needs test results can be integrated in the suitability test (this is possibly a matter of supervisory proportionality). We need more time to study this in more detail but, in general, the demands and needs test in IBIPs and appropriateness and suitability test have a different function at different stages of the</p>	<p>Noted. One of the challenges is that the "demands and needs" test has been implemented in different ways across Member States.</p>

		<p>intermediation process. Instead of introducing “streamlined advice” the demands and needs in IBIPs could be considered as a kind of “pre-advice” phase.</p> <p>Also, IBIPs products, contrary to MIFID II products, include a protection element (“life” insurance). This is one of the elements which makes an IBIP product different from other products.</p> <p>Any change that would impact the IDD demands and needs tests would have to be properly assessed.</p> <p>In France for example, according to the IDD implementation, in addition to the demands and needs test, it is required for the distribution of IBIPS products to check at least that the investment solution proposed by the professional is consistent with the client’s financial situation; his/her investment objectives and his/her knowledge and experience in financial matters. In addition, it is not uncommon for criteria relating to risk tolerance and capacity for loss to be incorporated into the process, as will be the client's appetite for sustainable investments (see Delegated Regulation 2021/1257 of 21 April 2021, OJEU 2 August 2021).</p>	
Assuralia	Q13	<p>The overlap makes the double analysis superfluous, even if they are complementary, some features could be addressed: for IBIPs where a suitability test is carried out, the demands and needs test could be removed. Some elements could be rationalized within the suitability test such as the investment objective, investment horizon, need of liquidity at short/long term, ...</p> <p>As the suitability test is per definition a more detailed assessment of what the customer needs relating to investment, the regulatory distinction between the demands and needs test and the suitability test is very artificial, difficult to comprehend by intermediaries, and difficult to explain in trainings for insurance staff. There is no added value in making this distinction.</p>	Noted re no need for making distinction between the two assessments
Italian Banking Association	Q13	<p>We consider that the demands and needs test is clearly regulated as a preliminary test aimed at verifying that the single insurance products be consistent with the</p>	Noted re no need for further regulation or clarification

		<p>customer’s insurance demands and needs. This verification represents the first necessary step and in case of negative result it prevents the transaction to be executed. The suitability assessment comes after the demands and needs test. It can, therefore, be carried out only in case the demands and needs test had a positive result.</p> <p>The legislative and regulatory provisions distinguish the aim and scope of the two tests. Therefore, we believe that the test is effective and there is no need for further regulation or clarification on this regard.</p>	
AGEA (French association of general insurance agents)	Q13	<p>The French model adopted following the transposition of the IDD requires at least the verification for IBIPs that the investment solution proposed by the professional is consistent with his financial situation; his investment objectives; his knowledge and experience in financial matters.</p> <p>Moreover, risk tolerance criteria, and loss absorption capacity, are often integrated in the sales process (through the digital tools developed by insurance companies and used by agents). Customer preference in terms of sustainability is soon to be added as well. (Commission Delegated Regulation 2021/1257, 21st April 2021, OJEU August 2nd 2021, as regards the integration of sustainability factors, risks and preferences into the product oversight and governance requirements –).</p> <p>This approach remains relevant and supported by the French Supervisory Authority: 4.2_recommandation_2013-r-01_version_du_6_decembre_2019.pdf (banque-france.fr)</p> <p>An alignment with MiFID II does not seem the best option at this stage in light of the different nature of insurance products and other types of investment products.</p>	Noted
ANASF	Q13	<p>The “demands and need test” is a basic test and it cannot be compared to a suitability assessment. It is not an efficient tool for advisory service, neither for the placement of a product.</p>	Noted

<p>Austrian Insurance Association (VVO)</p>	<p>Q13</p>	<p>The demands and needs test is closely linked to establishing the investor profile, and both of these are an inherent part of the suitability assessment. In this regard, the question of overlaps is not really relevant. The process of establishing the demands and needs feeds directly into and is an integral part of the suitability assessment. Overlaps between the demands and needs test and the suitability assessment are inherent in the structure of the relevant provisions of the IDD and are not a problem in practice.</p> <p>When advice is provided, the distributor owes a personalised recommendation as to why the proposed contract would best meet the customer's demands and needs. As EIOPA states in the consultation paper, advice is a continuation and enhancement of the demands and needs test and, therefore, does not lead to additional effort. The same applies to the suitability assessment, which specifies the requirements for the provision of advice on insurance-based investment products.</p> <p>Additional guidance at the European level would not be helpful as this risks undermining well established national practices that enable the demands and needs test and suitability assessment to coexist. Where EIOPA has identified concerns, these should be resolved by national supervisors, the insurance ombudsman, and civil courts (as necessary). Extensive and detailed specifications of the requirements on level 2 or 3, on the other hand, often carry the risk of creating red tape in the form of processes which are necessary in some yet redundant in other cases, and which are nonetheless always applied for compliance reasons.</p> <p>EIOPA's objective with this concept seems to be to ease the questioning of the customer by the distributor and to avoid tick and box approaches. However, there are already provisions in IDD to avoid excessive questioning the consumer. Article 20 and 30 IDD provides a framework for the questions that must be asked and specifies that the questions must relate to the client's investment objectives, including their risk tolerance, financial situation including capacity to incur losses, and the client's knowledge and experience. We would, therefore, suggest that the benefits of</p>	<p>Noted, but disagree re no need for additional measures at Level 2 or Guidance at Level 3. What EIOPA's own oversight work and work on the IDD application report show is that the issue of the scope of these two assessments cannot easily be resolved in the current regulatory framework and sufficient clarifications cannot only be provided through a Level 1 change</p>
---	------------	---	---

		additional, detailed requirements should be carefully evaluated against possible disadvantages.	
Bund der Versicherten (BdV - German Association of Insured)	Q13	<p>The most significant overlaps between the demands and needs test following to article 20 (1) of IDD and the suitability assessment following to article 29 (1) of IDD consist in the assessments of the current status quo of the " financial situation" of the policyholder (i.e. existing biometric risk coverages, liquid reserves and long-term investments, and especially "including that person's ability to bear losses, and that person's investment objectives" and "risk tolerance"). There is no overlap linked to the obligation of the distributor to "obtain the necessary information regarding that person's knowledge and experience in the investment field relevant to the specific type of product or service offered or demanded".</p> <p>As the demands and needs test is obligatory for life and non-life products as well, with regard to IBIPs the focus of this test should be laid on the biometric risk coverage (longevity, death and disability). In consequence all questions with regard to long-term savings and investments should be part of the suitability assessment.</p>	Noted re need to focus demands and needs test on biometric risk coverage and suitability assessment on long-term savings and investment element
Fédération Bancaire Française	Q13	<p>We do not see significant overlaps between the demands and need test and the suitability assessment. Indeed, in France, the duty to advice includes the demands and needs test as well as the obligation to enquire about the subscribers' knowledge and experience in financial matters, their personal and financial situation and their investment objectives which are also the components of the suitability assessment.</p> <p>This advice is not an option proposed to the client, but a professional obligation for all distributors, whereas such an advice is optional in MIFID2.</p> <p>Under French law, two main types of advice processes relating to the distribution of insurance contracts exist:</p> <ul style="list-style-type: none"> - A first level of advice requires that the consumer be asked about his demands and needs, his knowledge and experience but also about his financial situation and his investment objectives 	Noted. The challenge is that the difference between the two assessments may be small in some Member States, but large in others, hence the need for more guidance from EIOPA side

		<p>- The second level of advice consists of providing the client with personalized recommendation and explaining to him why, among several insurance contracts, one best suits to his demands and needs, and, for a life-insurance contract, his risk tolerance and his ability to bear losses.</p> <p>However, the differences between the two tests (demands and needs test and suitability test) are quite small.</p>	
<p>Gesamtverband der Deutschen Versicherungswirtschaft e. V.</p>	<p>Q13</p>	<p>Overlaps between the demands and needs test and the suitability assessment are inherent in the structure of the relevant provisions of the IDD and – speaking for the German market – are not a problem in practice. Article 20 (1) IDD provides that before the conclusion of any insurance contract, the demands and needs of the customer must be enquired and – eventually – be met by the proposed contract. Whereas, when advice is provided, the distributor owes a personalized recommendation why the proposed contract would best meet the customer’s demands and needs. As EIOPA states in the consultation paper, advice is a continuation and enhancement of the demands and needs test and, therefore, does not lead to additional efforts. The same applies to the suitability assessment, which specifies the requirements for advice on insurance-based investment products.</p> <p>In other respects, we understand that guidance may be needed to address the regional disturbances touched upon by EIOPA’s report on the application of the IDD. In general, however, our experience on the German market reflects EIOPA’s assessment, that the provisions have worked well. This is confirmed by the low number of complaints and low cancellation rates. While some additional guidance may be necessary to align the regulation with practical developments, we believe that the merits of the current abstract rules should be acknowledged.</p> <p>We agree with EIOPA that the insurance-based investment products in the different European markets are very heterogeneous, as are the demands and needs of individual retail investors. The fact that the current provisions on the suitability test and the demands and needs test remain abstract enables them to be applied sensibly in every conceivable situation. This has, in the German market, not presented any</p>	<p>Noted. Any work on Level 2 measures or Level 3 guidance would be subject to an impact assessment</p>

		<p>practical problems in the past. Should any disputes arise, these are resolved by national supervisors, the insurance ombudsman, and civil courts. Extensive and detailed specifications of the requirements on level 2 or 3, on the other hand, often carry the risk of creating red tape in the form of processes that are necessary in some yet redundant in other cases, and which are nonetheless always applied for compliance reasons. We would, therefore, suggest that the benefits of additional, detailed requirements should be carefully evaluated against possible disadvantages.</p>	
ING Bank NV	Q13	<p>We see the risk of overloading customers with information. For example with the implementation of SFDR we need to provide additional information to the client, on top of the already existing (IDD) information. Although the SFDR seeks alignment with IDD and MiFID disclosures, there is still a substantial increase in information towards the clients.</p> <p>Coming back to our example in ING BEL (https://www.ing.be/en/retail/investing/pension/pension-savings-fund) you see this visually already where we inform customers on performance of the fund as well giving separately information on sustainability. This could be integrated into one view on performance as well sustainability.</p>	Noted
Bundesverband Deutscher Vermögensberater	Q13	<p>Wir sind der Auffassung, dass das in Deutschland heute durch die IDD begründete System einer Bedarfsanalyse und einer Geeignetheitsprüfung zu einer guten, kundenorientierten Beratung mit bedarfsgerechten Produkten führt. Art. 20 IDD Abs. 1 verlangt im ersten Unterabsatz, dass vor Abschluss eines Versicherungsvertrags der Versicherungsvertreiber anhand der vom Kunden stammenden Angaben dessen Wünsche und Bedürfnisse ermittelt und dem Kunden dann objektive Informationen über das Versicherungsprodukt in verständlicher Form erteilt werden, damit der Kunde eine wohl informierte Entscheidung treffen kann. In Unterabsatz 3 heißt es weiter: ...erfolgt vor Abschluss eines spezifischen Vertrags eine Beratung, richtet der Versicherungsvertreiber eine persönliche Empfehlung an den Kunden, in der erläutert wird, warum ein bestimmtes Produkt den Wünschen und Bedürfnissen des Kunden am besten entspricht.... Diese Vorgaben aus der IDD erfüllen unsere Verbandsmitglieder mit ihrer Beratungsleistung. Beides - Bedarfsanalyse und Geeignetheitsprüfung - fügt sich sehr gut in die deutsche Vermittlungspraxis ein und</p>	Noted, but disagree re no need for additional measures at Level 2 or Guidance at Level 3. What EIOPA's own oversight work and work on the IDD application report show is that the issue of the scope of these two assessments cannot easily be resolved in the current regulatory framework

		ist integraler Bestandteil der Beratungsleistung. Weitere Regelungen auf Level 2 oder Level 3 halten wir nicht für notwendig.	
Actuarial Association of Europe	Q13		
Die Deutsche Kreditwirtschaft	Q13		
Allianz SE	Q13	<p>While very general in its design, the demands and needs test constitutes an important responsibility on the part of the seller of any insurance product, including insurance-based investment products. This helps to align seller and customer needs and avoid mis-selling, while at the same time leaving sufficient flexibility to match the individual situation of the customer / investor. Therefore, while technically constituting a separate requirement, it is hard to imagine a case where a product meets the requirements of a suitability test but not the more general demands and needs test.</p> <p>Since the suitability test is defined by a much tighter framework, any successful assessment should also meet the broader demands and needs requirements. Therefore, we reiterate that while technically constituting a separate requirement, it is hard to imagine a case where a product meets the requirements of a suitability test but not the more general demands and needs test.</p>	Noted re existing overlap between both assessments
FECIF	Q13	<p>We are fundamentally critical of a simplification of the suitability test. The reasons for this can be found in our answer to question 7.</p> <p>Especially, the suitability test in the area of old-age provision and long-term investment through Insurance Based Investment's Products should be carried out within the framework of a holistic consultation of the client. The legal framework provided for this is more of a minimum than a basis for a truly comprehensive client exploration.</p>	Noted
Sparbanken Skåne AB (publ)	Q13	N/a	
VOTUM Verband	Q13	We are fundamentally critical of a simplification of the suitability test. The reasons for this can be found in our answer to question 7.	Noted

		Especially the suitability test in the area of old-age provision should be carried out within the framework of a holistic consultation of the client. The legal framework provided for this is more of a minimum than a basis for a truly comprehensive client exploration.	
Bundesverband Deutscher Versicherungskaufleute	Q13- Q16	<p>Um einen erschwinglichen und effizienten Verkaufsprozess für den Erwerb von IBIP zu fördern, sieht EIOPA die Notwendigkeit, mehr Klarheit im Umfang der verschiedenen Bewertungen zu schaffen. Eine Vereinfachung und Verschlankeung des Beratungsprozesses, insbesondere unter Berücksichtigung des fortschreitenden digitalen Wandels beim Verkauf von Finanzprodukten, birgt besondere Herausforderungen aber auch Risiken.</p> <p>EIOPA schlägt daher vor, die Konvergenz der Aufsicht weiter voranzutreiben, um sicherzustellen, dass dieselben Regeln für den Beratungsprozess in allen nationalen Märkten ordnungsgemäß und verhältnismäßig angewandt werden. Der BVK geht zunächst davon aus, dass es keine Überschneidungen zwischen der IDD basierten Nachfrage und Bedarfsprüfung und der MiFID II basierten Eignungsbewertung gibt. Die Anforderungen sind für den Vertrieb unterschiedlicher Produkte gedacht und haben daher auch unterschiedliche Funktionen in den unterschiedlichen Phasen des Verkaufsprozesses.</p> <p>Darüber hinaus sind wir der Auffassung, dass die IDD in dieser Hinsicht bereits hohe professionelle Standards eingeführt hat. Sollte es zu neuartigen Finanzprodukten kommen, so würden wir es begrüßen, wenn der Ansatz zur Regulierung nicht in der IDD gesehen, sondern über die bestehenden POG-Regeln (§ 23 VAG) vorgenommen wird.</p> <p>Im Hinblick auf neue Medien ist zu berücksichtigen, dass digitale Tools als Werkzeuge in den verschiedenen Vertriebskanälen helfen können. Sicherlich unterstützen sie auch den Vermittler bei seinem persönlichen Kontakt mit den Kunden, ersetzen diesen jedoch nicht bei der Beratung.</p>	Noted
Question 14: Do you see scope for streamlining the suitability assessment and in what way, could digitalisation be harnessed to make advice on IBIPs more affordable?			

Polish Chamber of Insurance	Q14	<p>•In our view the transmission of information on paper should in the future be the exception and not the rule. On one hand, layering of information is possible in the digital environment and can bring significant improvements, but on the other hand, it must always be checked that the additional effort also brings real customer benefits.</p>	Noted
BETTER FINANCE	Q14	Yes, see answer for Q15 below.	Noted
Irish Life Assurance PLC	Q14	<p>Irish Life believes that the customer journey, associated with the suitability assessment, can be enhanced and streamlined.</p> <p>To achieve this objective more autonomy could be given to customers to allow them to provide information up-front, through easy-to-understand questionnaires, as part of the fact-finding process.</p> <p>Increased digitalisation supports this approach which can bring cost savings through increased customer engagement resulting in time savings for firms. If appropriately applied, this approach can also help firms tailor information to customers depending on their individual needs and their stage in the overall journey.</p> <p>Visual information, such as infographics and images, can also clarify written text, making the layout of a document more clearly visible for customers and provide for better customer understanding and insight into complex terms and processes.</p> <p>A move towards a more layered approach to customer disclosures, particularly in the context of digital journeys, would also support this objective.</p>	Noted and appreciate useful suggestions
Unipol Gruppo S.p.A.	Q14	<p>In our view, there is little margin for streamlining the suitability assessment without risking to reduce the quality of financial advice and, ultimately, the clients' protection.</p> <p>On a different note, we think that it is important to maintain the possibility for investors to choose between advised sales, non-advised sales and, where possible, execution-only sales, as they must be free to choose the preferred distribution channel, level of costs, type of payment and remuneration system (fee vs</p>	Noted

		<p>commission).</p> <p>Also, it is essential that any future policy initiative aimed at streamlining the suitability assessment shall maintain a level playing field between all models/distribution channels and be technologically neutral. Particularly for hybrid advisory processes, the regulatory framework for robo-advisors and human advisors should not be modelled differently. In general terms, we believe that regulation shall focus on the desired outcome for investors instead of providing prescriptive requirements on the means and instrument to reach such outcomes.</p> <p>As to the creation of tools to display the basic version of different IBIPs (i.e. their minimum features) we believe that it could limit consumers understanding of the potential opportunities offered by IBIPs and of the different options available on the market. Human advice is more suitable for understanding and comparing different products on the market with different structures.</p>	
Dutch Association of Insurers	Q14		
France Assureurs (Fédération Française de l'Assurance)	Q14	<p>First of all, it is important to underline that EIOPA raises this notion for the first time through this consultation. France Assureurs wants to stress the importance of clarifying and deepening this concept before considering any measures. EIOPA's objective with this concept seems to be to ease the questioning of the customer by the distributor and to avoid tick and box approaches. However, there are already provisions in IDD to avoid excessive questioning the consumer. Article 20 and 30 if the Directive provides a framework for the questions that must be asked and specifies that the questions must relate to the client's investment objectives, including his risk tolerance, financial situation including his capacity to incur losses, and the client's knowledge and experience. Nevertheless France Assureurs would point out the importance of being able to streamline the administrative process involved in justifying the advice.</p> <p>Furthermore, this concept presents difficulties in adapting it in countries where advice is mandatory. It seems difficult to reconcile mandatory advice and streamlining of the</p>	<p>Noted. The issue has been raised by EIOPA because it was explicitly mentioned by the Commission in its Call for Advice to EIOPA.</p> <p>Agreed re difficulty of reconciling with mandatory advice regimes, hence EIOPA has now made the distinction between creating a bespoke concept of "streamlined advice" and a more proportionate approach to the existing suitability assessment, clearer in its final advice</p>

		advice process. Indeed, as EIOPA points out, streamlining of advice could encroach on existing national regimes of mandatory advice.	
Länsförsäkringar	Q14		
ASSORETI - Association of intermediaries which provide investment advice service through their network of qualified individual financial advisors.	Q14	<p>IDD considers product advice as part of a spot sale that can also be performed online. In this sense, we would like to represent the need to distinguish this product advice from the investment advice provided by intermediaries as an ongoing service within the framework of MiFID II.</p> <p>This kind of advisory service is often aimed at the customer's overall portfolio which includes financial instruments and IBIPs as a whole. The provision of this portfolio advisory requires the application of specific rules based on a logical service approach that is different from those provided on spot product advisory.</p>	Noted and agreed re differences between IDD and MiFID II on this issue
Insurance Ireland	Q14	We believe that the suitability assessment is currently fit for purpose. The IDD is a minimum harmonisation directive, which means that it sets a minimum standard, but additional measures can be introduced at national level if deemed necessary. While we do promote a layering of information through hyperlinks as mentioned above this should be done for the benefit of the customer and should not dilute or diminish the effectiveness of the advice or fall behind the current standards under the IDD. We agree with Insurance Europe that the current IDD provisions provide for a rigorous yet practical regulatory framework to ensure that the relevant information about the consumer's needs and wishes is obtained, which is further supported in Ireland through the provisions of the CPC.	Noted
BEUC, The European Consumer Organisation	Q14	N/A	
ANIA	Q14	In theory, we would be in favour of initiatives aimed at rationalising or, even better, simplifying certain requirements for operators in the sector. However, in the context of advice model within which the "personalised" suitability assessment represents the key moment to determine whether an insurance investment product is suitable for the demands and needs of a client, it is a priority to maintain a high level of protection standard of the latter. A hypothesis to be developed could be to envisage a "streamlined" regime according to the different categorization of clients into professional or semi-professional while high-quality individual advice would be	Noted, in particular re possibility to differentiate according to different categories of customers

		<p>necessary for customers of retail investment products.</p> <p>With regard to the use of digitalisation, we reiterate what has already been expressed elsewhere in the survey regarding the favourable evaluation of the increase of these solutions as long as this translates into a real advantage for the customer, in terms of advice traceability and less susceptibility against possible conflicts of interest. On the other hand, the cost variable would have a significant impact at the beginning and therefore only feasible for the big players in the market.</p>	
ACA	Q14		
Institut des actuaires (France)	Q14		
Spanish Banking Association	Q14		
Bundesarbeitsgemeinschaft zur Förderung der Versicherungsmakler (BFV)	Q14		
Insurance Europe	Q14	<p>We appreciate EIOPA’s consideration of how to make the advice process more efficient for consumers and distributors. While innovation here could have some benefits, the overall effectiveness would depend strongly on the detail of any new/additional regime. It would be vital that thorough consumer testing is carried out, as well as drawing on the experiences of other markets before any such changes to the advice process are introduced. This process could take several years, making it unlikely that a new regime could be introduced as part of the RIS (which we understand is expected to be finalised by the end of 2022). EIOPA should highlight the long-term nature of its proposals in the final report.</p> <p>Regarding the specific proposal to introduce a concept of ‘streamlined advice’ in the IDD, we have some concerns that this may not be the right approach. For IBIPs, consumers often need to receive advice. Many IBIPs have additional features that need to be fully explained to the consumer via a personalised recommendation and in many circumstances there is a consumer expectation that such advice is provided. In some markets the provision of this advice is also guaranteed by law.</p>	<p>Agreed. EIOPA has now made the distinction between creating a bespoke concept of “streamlined advice” and a more proportionate approach to the existing suitability assessment, clearer in its final advice</p>

	<p data-bbox="577 352 1610 740">The current European provisions on the suitability assessment in Level 1 and 2 of the IDD provide for a rigorous yet practicable regulatory framework to ensure that the relevant information about the customer’s needs and wishes is obtained and taken into consideration. Moreover, they allow for different designs of the advisory processes, for example, to include digital tools, as well as for adjustments to take account of different characteristics of products and customers. At the same time, they maintain a high consumer protection standard. We do not believe that introducing a secondary category of ‘financial guidance’ or ‘streamlined advice’ would add any benefit for consumers, who are entitled to receive the high-quality advice provided for in the IDD regardless of whether they decided to purchase a product online or in person.</p> <p data-bbox="577 786 1603 1134">There are significant advantages to applying the same strict requirements on algorithm-based decisions as on personal sales. If the decision trees are fixed and the algorithms are not self-evolving, it is also very clear on what basis sales recommendations were made. This offers advantages in terms of documentation and the traceability of advice afterwards. Consistent and recurring high-quality advice can be ensured. Furthermore, automated sales recommendations might also be less susceptible to potential conflicts of interest. Robo-advice can offer cost advantages in the long term, but the initial costs are enormous. Hence, the opportunity to use robo-advisors tends to be available only to larger market players rather than microenterprises or SMEs.</p> <p data-bbox="577 1181 1570 1243">It is, however, not clear how streamlined advice could be offered in markets where there is a specific requirement to provide advice.</p> <p data-bbox="577 1289 1608 1457">There are also currently issues with the application of the suitability assessment that should be addressed before any new innovations are considered. A much more important component of facilitating online sales is the restructuring of the disclosures regime to ensure appropriate and accessible information is provided to consumers via online platforms. We have provided further detail in our response to section 1.</p>	
--	--	--

		At this stage there are also still significant inconsistencies between the Sustainable Financial Disclosure Regulation (EU) 2019/2088 (Art 8 and Art 9) and the IDD Delegated Act for insurance-based investment products (EU) 2017/2359 (Art 2 para 4) with regard to the customer’s sustainability preferences. These present a material risk for consumers and a legal risk for providers. The highly complex, threefold notion of “sustainability preferences” under IDD leads to confusion of all stakeholders involved and is at odds with the aim of streamlining the sales process	
VOTUM Verband	Q14	Die durch die Digitalisierung zur Verfügung gestellten, möglichen Hilfsmittel unterstützen die Berater in ihren Beratungsprozessen. Sie ermöglichen beispielsweise eine Erleichterung bei der notwendigen Dokumentation von Gesprächsinhalten. Auch bietet sich die Möglichkeit einer digital unterstützten Fehlerkontrolle. Die Instrumente selbst können jedoch die Beratung keinesfalls ersetzen, sondern diese immer nur unterstützen.	Noted
Austrian Federal Economic Chamber, Division Bank and Insurance	Q14	<p>We appreciate EIOPA’s consideration of how to make the advice process more efficient for consumers and distributors. While innovation here could have some benefits, the overall effectiveness would depend strongly on the detail of any new/additional regime. It would be vital that thorough consumer testing is carried out, as well as drawing on the experiences of other markets before any such changes to the advice process are introduced. This process could take several years, making it unlikely that a new regime could be introduced as part of the RIS (which we understand is expected to be finalised by the end of 2022). EIOPA should highlight the long-term nature of its proposals in the final report.</p> <p>Regarding the specific proposal to introduce a concept of ‘streamlined advice’ in the IDD, we have some concerns that this may not be the right approach. For IBIPs, consumers often need to receive advice. Many IBIPs have additional features that need to be fully explained to the consumer via a personalised recommendation and in many circumstances there is a consumer expectation that such advice is provided. In some markets the provision of this advice is also guaranteed by law.</p> <p>The current European provisions on the suitability assessment in Level 1 and 2 of the</p>	Agreed. EIOPA has now made the distinction between creating a bespoke concept of “streamlined advice” and a more proportionate approach to the existing suitability assessment, clearer in its final advice

	<p>IDD provide for a rigorous yet practicable regulatory framework to ensure that the relevant information about the customer’s needs and wishes is obtained and taken into consideration. Moreover, they allow for different designs of the advisory processes, for example, to include digital tools, as well as for adjustments to take account of different characteristics of products and customers. At the same time, they maintain a high consumer protection standard. We do not believe that introducing a secondary category of ‘financial guidance’ or ‘streamlined advice’ would add any benefit for consumers, who are entitled to receive the high-quality advice provided for in the IDD regardless of whether they decided to purchase a product online or in person.</p> <p>There are significant advantages to applying the same strict requirements on algorithm-based decisions as on personal sales. If the decision trees are fixed and the algorithms are not self-evolving, it is also very clear on what basis sales recommendations were made. This offers advantages in terms of documentation and the traceability of advice afterward. Consistent and recurring high-quality advice can be ensured. Furthermore, automated sales recommendations might also be less susceptible to potential conflicts of interest. Robo-advice can offer cost advantages in the long term, but the initial costs are enormous. Hence, the opportunity to use robo-advisors tends to be available only to larger market players rather than microenterprises or SMEs.</p> <p>It is also not clear how streamlined advice could be offered in markets where there is a specific requirement to provide advice.</p> <p>There are also currently issues with the application of the suitability assessment that should be addressed before any new innovations are considered. A much more important component of facilitating online sales is the restructuring of the disclosures regime to ensure appropriate and accessible information is provided to consumers via online platforms. We have provided further detail in our response to section 1.</p>	
--	---	--

		At this stage there are also still significant inconsistencies between the Sustainable Financial Disclosure Regulation (EU) 2019/2088 (Art 8 and Art 9) and the IDD Delegated Act for insurance-based investment products (EU) 2017/2359 (Art 2 para 4) with regard to the customer's sustainability preferences. These present a material risk for consumers and a legal risk for providers. The highly complex, threefold notion of "sustainability preferences" under IDD leads to confusion of all stakeholders involved and is at odds with the aim of streamlining the sales process.	
EIOPA IRSG	Q14	The IRSG believes there is scope for some digital pathways to enhance the consumer experience and open up financial markets to more consumers. EIOPA's focus on streamlining advice is a step in the right direction. The IRSG would like to point out that this would be a major overhaul of the current market and would require careful impact assessment. It may ultimately not be possible to devise and sufficiently test any new proposals before the RIS is due to be published at the end of this year.	Noted. The COM is developing an impact assessment for its legislative proposals to be unveiled at the end of 2022
BIPAR	Q14	<p>Since the suitability assessment can't be left to digital or even AI-solutions, BIPAR sees more scope for streamlining the suitability assessment in a more proportionate application. For customers who have straightforward needs or demands or for customers who want a guaranteed insurance IBIP product (products with capital guarantee where the risk is transferred to the insurance company), the existing suitability assessment can be too burdensome and create frustration with the customer.</p> <p>Instead of proposing a new concepts of "streamlined" advice, the existing IDD demands and needs test could be considered as a kind of pre- advice "streamlining" the process, as a kind of early stage advice. It creates awareness with the clients.</p> <p>More proportionality in the supervisory application in some member states would be welcome but the principle of demands and needs in general is good.</p>	Noted re need for more proportionate application of existing suitability assessment
Assuralia	Q14	Although we appreciate EIOPA's considerations on the streamlining of the advisory process, we see a need to solve the overlap between the demands and needs test and suitability test before streamlining the suitability assessment.	Noted. EIOPA sees a difference between creating a bespoke concept of "streamlined advice" (as an

		<p>The current European provisions on the suitability assessment in Level 1 and 2 of the IDD provide for a rigorous yet practicable regulatory framework to ensure that the relevant information about the customer's needs and wishes is obtained and taken into consideration. Moreover, they allow for different designs of the advisory processes, for example, to include digital tools, as well as for adjustments to take account of different characteristics of products and customers. At the same time, they maintain a high consumer protection standard. As far as advice to retail investors is concerned, any new rules on a streamlined advisory process should, in our view, take care not to fall behind this standard.</p>	<p>alternative to full regulated advice) and further streamlining and more proportionate approach to the current process of providing advice</p>
Italian Banking Association	Q14	<p>We do not see any options for streamlining the suitability assessment, which is one of the most important obligations for investor protection.</p>	Noted
AGEA (French association of general insurance agents)	Q14	<p>See the response to Q16.</p>	
ANASF	Q14	<p>Automated devices shall be understood as tools for basic and generic advice, which may enable investors (particularly, less experienced and less knowledgeable investors) to understand their need for effective personal recommendations. That is to say, a distinction is necessary between insurance advice as a complete professional service which effectively meets investors' needs, investment objectives and characteristics, and insurance advice as a mere informative functionality. Automated tools may be helpful in the first stage of the advisory process, but in later stages they shall be complemented with a real personalised service and the interaction of a human advisor. The online platforms should guarantee investors the same protections envisaged in the event that they turn to an intermediary/advisor. Overconfidence on the use of artificial intelligence can lead to an "inflated" standardization of client profiling and, consequently, to "herd" and pro-cyclical investment behaviour. There is also a strong risk of inconsistent self-profiling by the client, in order to buy specific financial products, regardless of their actual suitability; automated devices may entice investors to rush into inputting data without properly reading pre-contractual information, thereby paving the way for potential infringements of privacy law and the sale of unsuitable products and services (in particular, the user may be enticed to</p>	<p>Noted re digital tools being complementary tools in the first phase of the advice process and the need to manage risks arising from use of artificial intelligence</p>

		<p>complete by trial the automated procedure to access a specific product, without an effective evaluation of the suitability of the choice).</p> <p>It should also be remembered that the level of insurance literacy of European citizens is low, which makes it risky for investors to purchase financial/insurance products, in total autonomy, without the support of a financial advisor who can guide them.</p>	
<p>Austrian Insurance Association (VVO)</p>	<p>Q14</p>	<p>We appreciate EIOPA’s consideration of how to make the advice process more efficient for consumers and distributors. While innovation here could have some benefits, the overall effectiveness would depend strongly on the detail of any new/additional regime. It would be vital that thorough consumer testing is carried out, as well as drawing on the experiences of other markets before any such changes to the advice process are introduced. This process could take several years, making it unlikely that a new regime could be introduced as part of the RIS (which we understand is expected to be finalised by the end of 2022). EIOPA should highlight the long-term nature of its proposals in the final report.</p> <p>Regarding the specific proposal to introduce a concept of ‘streamlined advice’ in the IDD, we have some concerns that this may not be the right approach. For IBIPs, consumers often need to receive advice. Many IBIPs have additional features that need to be fully explained to the consumer via a personalised recommendation and in many circumstances there is a consumer expectation that such advice is provided. In some markets the provision of this advice is also guaranteed by law.</p> <p>The current European provisions on the suitability assessment in Level 1 and 2 of the IDD provide for a rigorous yet practicable regulatory framework to ensure that the relevant information about the customer’s needs and wishes is obtained and taken into consideration. Moreover, they allow for different designs of the advisory processes, for example, to include digital tools, as well as for adjustments to take account of different characteristics of products and customers. At the same time, they maintain a high consumer protection standard. We do not believe that introducing a secondary category of ‘financial guidance’ or ‘streamlined advice’ would add any benefit for consumers, who are entitled to receive the high-quality advice provided</p>	<p>Agreed. EIOPA has now made the distinction between creating a bespoke concept of “streamlined advice” and a more proportionate approach to the existing suitability assessment, clearer in its final advice</p>

	<p>for in the IDD regardless of whether they decided to purchase a product online or in person.</p> <p>There are significant advantages to applying the same strict requirements on algorithm-based decisions as on personal sales. If the decision trees are fixed and the algorithms are not self-evolving, it is also very clear on what basis sales recommendations were made. This offers advantages in terms of documentation and the traceability of advice afterward. Consistent and recurring high-quality advice can be ensured. Furthermore, automated sales recommendations might also be less susceptible to potential conflicts of interest. Robo-advice can offer cost advantages in the long term, but the initial costs are enormous. Hence, the opportunity to use robo-advisors tends to be available only to larger market players rather than microenterprises or SMEs.</p> <p>It is also not clear how streamlined advice could be offered in markets where there is a specific requirement to provide advice.</p> <p>There are also currently issues with the application of the suitability assessment that should be addressed before any new innovations are considered. A much more important component of facilitating online sales is the restructuring of the disclosures regime to ensure appropriate and accessible information is provided to consumers via online platforms. We have provided further detail in our response to section 1.</p> <p>At this stage there are also still significant inconsistencies between the Sustainable Financial Disclosure Regulation (EU) 2019/2088 (Art 8 and Art 9) and the IDD Delegated Act for insurance-based investment products (EU) 2017/2359 (Art 2 para 4) with regard to the customer’s sustainability preferences. These present a material risk for consumers and a legal risk for providers. The highly complex, threefold notion of “sustainability preferences” under IDD leads to confusion of all stakeholders involved and is at odds with the aim of streamlining the sales process.</p>	
--	---	--

<p>Bund der Versicherten (BdV - German Association of Insured)</p>	<p>Q14</p>	<p>The suitability assessment should not repeat any questions on the biometric risks, but be focussed on necessary questions with regard to long-term savings and investments coverage (cf. our comment on Q 13). The capital market “risk tolerance” of the policyholder can only be assessed in that way, and that makes the difference to any non-life risk assessments which are primarily biometric. This approach should be technically neutral. Digitalization may help for the calculation of different performance scenarios of the investment part of the premiums following to the "risk tolerance" of the policyholder.</p>	<p>Noted re need to separate information gathering on biometric risk coverage from the suitability assessment and how digitalisation can help in the calculation of different performance scenarios</p>
<p>Fédération Bancaire Française</p>	<p>Q14</p>	<p>We do not stand for a simplification of the suitability assessment in the situation where advice on IBIPs is provided online. If such a streamlining was carried out, the advice process could become a simple exercise of client ticking box</p> <p>Generally speaking, FBF is not convinced that a streamlined or simpler advice would be a progress, because of the risks of lowering of advice standards this might incur (as described in paragraph 151 of the Consultation paper).</p> <p>Lastly, the coexistence of different types of advice might complicate the organizational processes of firms and the differences between those types of advice would not be understandable for consumers themselves.</p>	
<p>Gesamtverband der Deutschen Versicherungswirtschaft e. V.</p>	<p>Q14</p>	<p>Streamlining the suitability assessment:</p> <p>We appreciate EIOPA’s considerations on the streamlining of the advisory process. At the same time, we understand the concerns on this issue stated in the consultation paper. We believe that the possibility to receive high-quality individual advice is essential for customers of retail investment products. In fact, in our experience, only a few customers make use of the opportunity to waive the advice, as provided by German insurance contract law. The current European provisions on the suitability assessment at Levels 1 and 2 of the IDD provide for a rigorous yet practicable regulatory framework to ensure that the relevant information about the customer’s needs and wishes is obtained and taken into consideration. Moreover, they allow for different designs of the advisory processes, for example, to include digital tools, as</p>	<p>Noted re need to cater for mandatory advice, but potential to differentiate between professional or semi-professional customers (which currently exists as a national option under the IDD)</p>

		<p>well as for adjustments to take account of different characteristics of products and customers. At the same time, they maintain a high consumer protection standard.</p> <p>As already mentioned under Q12, some markets implemented concepts of mandatory advice, while in other markets execution-only sales are common. It would be questionable how mandatory advice, as implemented in some Member states and for the Basic-PEPP, would suit to concepts of streamlined advisory processes or guidance.</p> <p>As far as advice to retail investors is concerned, any new rules on a streamlined advisory process should, in our view, take care not to fall behind this standard. However, easing the distribution regime for professional or semi-professional customers might be helpful.</p> <p>Digitalisation:</p> <p>The transmission of information on paper should in the future be the exception and not the rule. On one hand, layering of information is possible in the digital environment and can bring significant improvements, but on the other hand, it must always be checked that the additional effort also brings real customer benefits. Key information which is clear and intelligible is needed by consumers. More in-depth information can be provided subsequently.</p> <p>It is to be welcomed that there is no apparent interest in setting higher standards for robo-advice than for personal advice. After all, the same strict requirements are to be placed on algorithm-based decisions as on personal advice. Robo-advice can offer cost-advantages in the long term, but the initial costs are enormous. Hence, the opportunity to use robo-advisors tends to be available only to larger market players rather than microenterprises or SMEs. Another issue is that possible information deficits or misconceptions of customers that are recognizable to human being can hardly be recognized or compensated by robo-advisors.</p>	
ING Bank NV	Q14	Yes, we see scope for streamlining the suitability assessment. Solutions like digital advice or robo advice are getting more traction but it is still marginal compared to	Noted and appreciate input re need to focus more on outcomes-based

		<p>traditional face to face advice.</p> <p>Currently, the regulatory requirements around advice are largely made for a different / physical environment and meeting these requirements for online channels makes the digital journey very complex. Flexibility that fits digital advisory journeys is needed and enables the delivery of easy solutions for customers. A solution for this is to focus more on outcome- based requirements leaving a distributor to have more flexibility as to how to come to suitable or appropriate advice/ instruments for a client.</p> <p>If digital customer journeys can be made less complex customers in theory would ask less for costly human intervention. In turn this should make the advice more affordable.</p>	<p>requirements to adapt to digital environment</p>
<p>Bundesverband Deutscher Vermögensberater</p>	<p>Q14</p>	<p>Schon in der Antwort zur Frage 13 weisen wir auf das gute Funktionieren der Geeignetheitsprüfung im deutschen Versicherungsvermittlermarkt hin. Deswegen teilen wir auch die Bedenken von EIOPA (RN151), mit einer Straffung oder Optimierung der Geeignetheitsprüfung, nicht hinter den jetzigen Standard zurückzufallen – gerade, wenn sich die rechtlichen Anforderungen seit ihrer Umsetzung gut etabliert haben.</p> <p>In Deutschland nutzen alle Vermittler digitale Instrumente für die Eingabe und Verarbeitung der im Rahmen der Geeignetheitsprüfung erhobenen Kundeninformationen. Der Vorteil digitaler Tools liegt aber nicht primär in Kostenersparnissen, sondern in der Vermeidung von Übertragungs- und Verarbeitungsfehlern der Informationen im Vergleich zu einer papiergestützten Erhebung und Verarbeitung mit Schnittstellen zwischen Kunde, Vermittler und Anbieter. Mit digitalen Tools lassen sich diese Schnittstellen fehlerfrei überbrücken. Darüber hinaus beschleunigen digitale Prozesse den Beantragungsprozess massiv. Der Kunde erhält somit viel früher eine verbindliche Kontrahierungsinformation (Risikoabsicherung) seines Versicherers. Außerdem lassen sich Produktinformationen und Kapitalmarktzusammenhänge mit digitalen Tools viel besser veranschaulichen. Der Gesamtprozess der Beratung wird damit signifikant höherwertig.</p>	<p>Noted re existing use of digital tools to facilitate sales process, particularly information-gathering</p>

Actuarial Association of Europe	Q14		
Die Deutsche Kreditwirtschaft	Q14		
Allianz SE	Q14	<p>An adequately streamlined approach could in principle be supported in order to avoid an unnecessarily formalistic/tick-box approach to both processes. For example, the multiple input of known and reliable data should be avoidable. On the other hand, it is important, that the material suitability is assessed where adequate and no problematic shortcuts are taken or inadequate doors for regulatory arbitrage are opened. For example, [BigTech] companies could propose to use estimates for customer need and advice requirement based on an AI algorithm applied to user data or even proxy data to substitute for an actual suitability assessment. While this could render the assessment much cheaper, it would generally not provide a similar degree of quality and therefore protection. This would be an inadequate oversimplification, given that the suitability assessment is an important element of the sales and advice process.</p> <p>In general, Allianz supports EIOPA’s perspective, that the material regulatory requirements should be equally applied to both (any possibly to be defined) streamlined and full advice (see §153 of the consultation paper). As in other areas of regulation, the approach should be principles-based, technology neutral and itself adhere to the principle “same services, same risks, same rules”, not least to ensure a level playing field.</p> <p>While digitalisation may be relied upon under the overarching objective of trying to make the advice process for IBIPS more accessible and affordable, we observe that many customers / investors seem to demonstrate a preference for personal advice instead of impersonal / fully digital service for whom there is no recourse. This is typical for many services where clients use personal trust and the possibility of personal recourse in case of trouble because they find it even difficult to assess the quality of the advisor.</p>	Noted re risks of excessive reliance on AI algorithms, which can lead to an over-simplification of the sales process.
FECIF	Q14	See answer to questions 7 and 13.	

Sparbanken Skåne AB (publ)	Q14	The risk with digitalization is always that it could lead to standardization that is a disadvantage for the customer. The suitability assessment can be digitalized but should, in certain complex cases, be combined with an advisor.	Noted
VOTUM Verband	Q14	See answers to questions 7 and 13.	
Question 15: Do you see any specific risks for consumers in streamlining the advice process further?			
Polish Chamber of Insurance	Q15	No answer	
BETTER FINANCE	Q15	There are no other options to further simplify the advice framework. IBPs are considered as complex instrument with limited investment benefits (if the policyholder detains the contract until its maturity). Therefore, we consider that the assessment of target markets for these products should be kept. Most insurance policies underestimate the risk of biometrics and exaggerate the investment portion to raise premiums to be paid. In most cases, it is better to strictly separate biometric risk coverage (especially death and disability through separate policies) from long-term investment terms. These terms can be used for additional provisions. Indeed, IBIPs by their “product design” contradict this basic “best advice”. Potential policyholders should therefore be at least aware of these two different aspects of “risk” (biometrics and investments) through their advice to be as “best” as possible.	Noted re risk of streamlining the process for complex IBIPs
Irish Life Assurance PLC	Q15		
Unipol Gruppo S.p.A.	Q15	<p>We agree with EIOPA’s remark that streamlining further the advice process could risk lowering the investor protection and lead to worse investment decisions. Indeed, the advice process is crucial for the sale of IBIPs, which are often “push-products” that would not be underwritten without proper financial advice helping clients to assess its financial needs and objectives. Indeed, as it has been well pointed out by Insurance Europe, clients do not like to deal with financial choices related to retirement, illness and disabilities, which require prolonged savings, commitment and planning. In this respect, financial advice is key to ensure that clients can reach their investment and protection goals.</p> <p>Also, it should be considered that in many Member States (including Italy) IBIPs are mainly distributed through banking intermediaries that are mandated to provide</p>	Noted

		<p>financial advice assessing the whole portfolio: in this context, we don't really see the scope for introducing a simplified advice process only for IBIPs, as advice on IBIPs is only part of a broader advice on portfolio management.</p> <p>On the contrary, as also pointed out above, we believe that there is wide scope to simplify the sale process in the non-life sector, especially with reference to certain products (such as compulsory, instant and bespoke insurance), in relation to which the demands & needs test produce no value at all for the clients.</p>	
Dutch Association of Insurers	Q15		
France Assureurs (Fédération Française de l'Assurance)	Q15	<p>This rationalisation of the advice process seems incompatible with the duty to advise practised in France.</p> <p>It is important to highlight that IDD sets the principle of communication on paper by default. This principle does no longer suit to a society in a continuous technological change and does not fit to the demands of a growing majority of consumers. Therefore, the IDD shall respect the principle of technological neutrality without imposing specific rules on distributors depending on the communication channels used. The choice of communication must remain free and the distributor must be able to offer the most appropriate communication medium according to consumer choices and needs. Thus, paper should no longer be the default means of communication and the use of durable mediums should be favoured insofar as the distributor has been able to ensure that this means of communication suits to the customer's situation</p>	Noted. Regarding the issue of the format of consumer disclosures, this is covered in the section on digital disclosures
Länsförsäkringar	Q15		
ASSORETI - Association of intermediaries which	Q15		

provide investment advice service through their network of qualified individual financial advisors.			
Insurance Ireland	Q15	<p>We agree with Insurance Europe that it is important not to devalue financial advice. While streamlining advice runs the risk of confusion for the customer in the level of advice being offered, we believe that providers can mitigate this risk. We would agree that it would be important that the customer is aware of the type of advice being offered through every channel and the level of advice being provided, particularly so in instances of hybrid advisory services. So as to mitigate the potential for consumer confusion we believe that advice should be well signposted, throughout the process, indicating the level of advice that is being offered, with its limitations explained. The customer should have the option to opt in to a higher advice service at any stage during the application process, or opt out of the process, with a cooling off period. Consumer protection is very important and should be present with all distribution channels regardless of the type of advice being provided, e.g. complex, simple, guided or hybrid. However we would suggest that levels of consumer protection may wish to be reviewed so as to be relevant to the type of advice, e.g. a robo/guided advice process for a simple product may have a slightly less detailed protection regime than a more complex heavily advised proposition. The best interests of the consumer should be at the forefront irrespective of the distribution channel used.</p>	Noted re need for signposting advice and possibility for consumer to opt in to a higher advice service at any stage during the application process.
BEUC, The European Consumer Organisation	Q15	N/A	
ANIA	Q15	<p>It is important that consumers are always aware of the scope of the advice and of the standards they can expect from their advisers even in the presence of any "streamlined" advice.</p> <p>The risk to be avoided is that consumers have access to a more convenient "streamlined" advice without realising that it does not offer the same protection levels offered by "regulated" advice.</p>	Noted. Any concept of "streamlined advice" would have to be subject to the same conduct of business protections as full regulated advice in any event.

		<p>Presently, the IDD guarantees that if a consumer does not wish to receive advice, he/she can freely opt out and is duly informed of the consequences of his/her choices.</p> <p>We recommend that this information system be preserved to ensure that consumers are always aware of the level of services offered in all kinds of situations (in person, online, hybrid, etc.).</p>	
ACA	Q15		
Institut des actuaires (France)	Q15		
Spanish Banking Association	Q15		
Bundesarbeitsgemeinschaft zur Förderung der Versicherungsmakler (BFV)	Q15		
Insurance Europe	Q15	<p>The primary risk, as identified by EIOPA, is that the introduction of streamlined advice devalues regulated advice and creates consumer confusion. Consumers should always be aware of whether they are receiving advice and of the standards they can expect from their advisor. They should be able to be confident of the quality and the fairness of the advice that is being provided to them.</p> <p>There is a significant risk that more accessible and/or affordable streamlined advice is accessed by consumers who do not realise that this is not regulated advice and does not offer the same protections. As noted above, the provision of advice is highly beneficial for the sale of IBIPs. Under the current IDD where a consumer does not wish to receive advice they can actively opt-out of doing so and are duly informed of the consequences of this. If the line between advised and non-advised becomes less clear, consumers may not realise what services are being provided to them.</p> <p>There is also a risk that over time, streamlined advice becomes more easily accessible than full regulated advice as providers do not have to meet the regulatory hurdles of advice provided under the IDD. This will be compounded by the difficulties for</p>	<p>Noted. Any concept of “streamlined advice” would have to be subject to the same conduct of business protections as full regulated advice in any event.</p> <p>Agreed re dangers for providers in complying with two regulatory regimes.</p>

		<p>providers in complying with two regulatory regimes (offline and streamlined online advice) potentially forcing them to choose only one distribution method. This in turn could lead to an advice gap, where consumers who would like to access advice find themselves steered towards an inferior service.</p> <p>We would also note that the majority of ‘online’ sales of IBIPs are in fact a hybrid of online and offline distribution with consumers accessing information and shopping around online, but ultimately conducting the sale offline. This process works well and offers significant benefits to consumers. There is a risk that overly streamlining the process pushes more sales online when, in fact, this hybrid process would better meet consumers’ needs.</p> <p>We also have concerns regarding the interaction between different pieces of legislation. Given the horizontal approach taken in the RIS, we anticipate that the rules related to IBIPs would be broadly in line with those under MiFID. We are concerned at the possibility of rules applicable and designed for MiFID products being applied in IDD more broadly and capturing insurers’ full product offering. EIOPA should note in the final report that any streamlined process would not be appropriate for all products, and caution the EC against enacting rules (as with the recent amendments to the IDD delegated acts to facilitate the adoption of the SFDR) that inadvertently capture too broad a scope of products.</p>	
VOTUM Verband	Q15	<p>In der Tat sehen wir bei einer weiteren Vereinfachung der Beratungsprozesse besondere Risiken für die Verbraucher. Die Notwendigkeit der ganzheitlichen Beratung haben wir bereits in der Antwort auf Frage 7 dargestellt.</p> <p>Wir haben bereits dargestellt, dass eine vermeintlich einfache Abschlussstrecke für Altersvorsorgeprodukte nicht geeignet ist, um gleichzeitig die unbedingt erforderliche Absicherung der unmittelbaren Daseinsvorsorge des Kunden zu gewährleisten. Wenn beides jedoch nicht gewährleistet werden kann, besteht das erhebliche Risiko für den Verbraucher, dass sich durch ein nicht abgesichertes Risiko (Berufsunfähigkeit,</p>	Noted re risk of „protection gap“ and consumers being under-pensioned as a result

		<p>Krankheit, Haftungsschäden etc.) jegliche Anstrengungen für den Aufbau einer Altersvorsorge zunichte gemacht werden.</p>	
<p>Austrian Federal Economic Chamber, Division Bank and Insurance</p>	<p>Q15</p>	<p>The primary risk, as identified by EIOPA, is that the introduction of streamlined advice devalues regulated advice and creates consumer confusion. Consumers should always be aware of whether they are receiving advice and of the standards they can expect from their advisor. They should be able to be confident of the quality and the fairness of the advice that is being provided to them.</p> <p>There is a significant risk that more accessible and/or affordable streamlined advice is accessed by consumers who do not realise that this is not regulated advice and does not offer the same protections. As noted above, the provision of advice is highly beneficial for the sale of IBIPs. Under the current IDD where a consumer does not wish to receive advice they can actively opt-out of doing so and are duly informed of the consequences of this. If the line between advised and non-advised becomes less clear, consumers may not realise what services are being provided to them.</p> <p>There is also a risk that over time, streamlined advice becomes more easily accessible than full regulated advice as providers do not have to meet the regulatory hurdles of advice provided under the IDD. This will be compounded by the difficulties for providers in complying with two regulatory regimes (offline and streamlined online advice) potentially forcing them to choose only one distribution method. This in turn could lead to an advice gap, where consumers who would like to access advice find themselves steered towards an inferior service.</p> <p>We would also note that the majority of ‘online’ sales of IBIPs are in fact a hybrid of online and offline distribution with consumers accessing information and shopping around online, but ultimately conducting the sale offline. This process works well and offers significant benefits to consumers. There is a risk that overly streamlining the process pushes more sales online when, in fact, this hybrid process would better meet consumers’ needs.</p> <p>We also have concerns regarding the interaction between different pieces of</p>	<p>Noted. Any concept of “streamlined advice” would have to be subject to the same conduct of business protections as full regulated advice in any event.</p> <p>Agreed re dangers for providers in complying with two regulatory regimes.</p>

		<p>legislation. Given the horizontal approach taken in the RIS, we anticipate that the rules related to IBIPs would be broadly in line with those under MiFID. We are concerned at the possibility of rules applicable and designed for MiFID products being applied in IDD more broadly and capturing insurers' full product offering. Eiopa should note in the final report that any streamlined process would not be appropriate for all products, and caution the EC against enacting rules (as with the recent amendments to the IDD delegated acts to facilitate the adoption of the SFDR) that inadvertently capture too broad a scope of products.</p>	
Eiopa IRSG	Q15	<p>As mentioned above, this is a major market innovation and there are inherent risks in introducing entirely new concepts. A full impact assessment is the only way to fully establish and address potential risks. The streamlining of advice should not impact the level of protection offered to consumers, no matter what the distribution channel.</p> <p>Significant inconsistencies between the SFDR (EU) 2019/2088 (Art 8 and Art 9) and the IDD Delegated Act for insurance-based investment products (EU) 2017/2359 (Art 2, new para 4) with regard to the customer's sustainability preferences represent a material risk for consumers, distributors and providers. The highly complex, threefold notion of "sustainability preferences" under IDD risks confusing all stakeholders involved. Therefore, sustainability preferences under IDD should be fully aligned with the financial product categories defined under Art 8 and Art 9 SFDR.</p>	Noted. Any form of "streamlined advice" would not imply a lowering of consumer protection standards.
BIPAR	Q15	<p>Streamlining the advice raises the potential issue of confusion between the target market resulting from product governance requirements and the personalised advice provided by the distributor to the client. However, we believe that a process that relies on IDD demands and needs test, on IDD POG requirements, with the provision of quality product disclosures, with the IDD assessment of the suitability and appropriateness by a distributor, gives a reliable distribution of products.</p> <p>In some markets, intermediaries notice that often, the questions asked are not proportionate to the product that the client wants. This over-questioning can create the feeling of intrusion with the customer. The development of tools enhances the risk of over-questioning. This is why a more proportionate approach of the existing</p>	Noted and agreed. The risk of over-questioning and the need for a more proportionate approach in the current system has now been factored into the final advice

		<p>system is recommendable.</p> <p>The debate about profiling is also a debate that needs a broader perspective in terms of privacy and rights of consumers regarding the use of their data.</p> <p>Regarding the use of systems, the insurance market currently has plenty of tools which are used by intermediaries, advisors, distributors to streamline demands and needs or suitability. These are mostly used in a hybrid digital/human environment. There are digital tools in the market that can facilitate the gathering of information of the client. Those tools can help all distribution channels and not only automated advice players. Digital tools support the intermediary with his/her face-to-face contact towards the client. They don't replace the intermediary and his/her added value.</p> <p>Robo "advice" can be useful for more "experienced investors" who do not want personal contact and have some knowledge of the market.</p> <p>For the time being, without more details about the objectives and possible details on the possible introduction of "streamlined advice" on top of the demands and needs test and advice as defined in the IDD (with, in some Member States, already the distinction between independent advice and advice), we are in principle against it since it is leading to confusion. It seems to be a concept that is aimed ONLY at digital distribution. We stress again that it is key that the same rules and the same level of protection apply regardless of the channels of distribution.</p>	
Assuralia	Q15	<p>Assuralia sees a risk concerning the level playing field, we do not want to end up with a two-speed advice world, divided between a digital and classical advice process. On one hand, layering of information is possible in the digital environment and can bring significant improvements, but on the other hand, it must always be checked that the additional effort also brings real customer benefits. Consumers should always be sure of the extent of the advice they can expect. Difficulties might arise from delimitation between streamlined and full advice, when customers use hybrid advisory services, e.g., a mix of online and offline advice. From the consumers' point of view, they</p>	<p>Noted re need for technological neutrality and ensuring a consistent level of consumer protection</p>

		should be confident of the same high level of protection regardless of the distribution channel used. Compliance with different distribution regimes (e.g., for online or offline) is not feasible in practice. The principle of "same activity, same risk, same rules" has proven itself.	
Italian Banking Association	Q15	Please see our answer to Q14.	
AGEA (French association of general insurance agents)	Q15	<p>Streamlining advice raises the question of the confusion of the target market resulting from product governance and the individualized advice provided by the distributor to the client.</p> <p>However, a process based on product oversight and governance with KID information hand-outs and suitability assessment by the distributor already allows for a trustworthy distribution system in France in the framework of the IDD transposition. (see Q.13).</p> <p>It is important that the same rules are applied to all professionals.</p>	Noted
ANASF	Q15	We believe that the advisory process should be deepened rather than streamlined.	Noted
Austrian Insurance Association (VVO)	Q15	<p>The primary risk, as identified by EIOPA, is that the introduction of streamlined advice devalues regulated advice and creates consumer confusion. Consumers should always be aware of whether they are receiving advice and of the standards they can expect from their advisor. They should be able to be confident of the quality and the fairness of the advice that is being provided to them.</p> <p>There is a significant risk that more accessible and/or affordable streamlined advice is accessed by consumers who do not realise that this is not regulated advice and does not offer the same protections. As noted above, the provision of advice is highly beneficial for the sale of IBIPs. Under the current IDD where a consumer does not wish to receive advice they can actively opt-out of doing so and are duly informed of the consequences of this. If the line between advised and non-advised becomes less clear, consumers may not realise what services are being provided to them.</p> <p>There is also a risk that over time, streamlined advice becomes more easily accessible than full regulated advice as providers do not have to meet the regulatory hurdles of</p>	<p>Noted. Any concept of "streamlined advice" would have to be subject to the same conduct of business protections as full regulated advice in any event.</p> <p>Agreed re dangers for providers in complying with two regulatory regimes.</p>

		<p>advice provided under the IDD. This will be compounded by the difficulties for providers in complying with two regulatory regimes (offline and streamlined online advice) potentially forcing them to choose only one distribution method. This in turn could lead to an advice gap, where consumers who would like to access advice find themselves steered towards an inferior service.</p> <p>We would also note that the majority of ‘online’ sales of IBIPs are in fact a hybrid of online and offline distribution with consumers accessing information and shopping around online, but ultimately conducting the sale offline. This process works well and offers significant benefits to consumers. There is a risk that overly streamlining the process pushes more sales online when, in fact, this hybrid process would better meet consumers’ needs.</p> <p>We also have concerns regarding the interaction between different pieces of legislation. Given the horizontal approach taken in the RIS, we anticipate that the rules related to IBIPs would be broadly in line with those under MiFID. We are concerned at the possibility of rules applicable and designed for MiFID products being applied in IDD more broadly and capturing insurers’ full product offering. EIOPA should note in the final report that any streamlined process would not be appropriate for all products, and caution the EC against enacting rules (as with the recent amendments to the IDD delegated acts to facilitate the adoption of the SFDR) that inadvertently capture too broad a scope of products.</p>	
<p>Bund der Versicherten (BdV - German Association of Insured)</p>	<p>Q15</p>	<p>We do not see any possibilities for streamlining the advice further. IBIPs are strongly “complex” products by which a policyholder may only gain some investment benefits - if any -, if the concluded contract is held until maturity. That is why target market assessments for these packaged products should be maintained. Only with regard to the investment part of the premium of IBIPs, for example hybrid products (cf. EIOPA’s Report on Costs and Past Performances 2021, p. 28-30 and p. 35/36), are usually so complex that they are not fully understandable for the customers, sometimes even not for the intermediaries.</p> <p>Additionally in most contracts the biometric risk is under evaluated and the</p>	<p>Noted. The final advice notes thoroughly the specific challenges in creating a “streamlined advice” concept for the sale of IBIPs.</p>

		investment part is overdone, in order to increase the premiums to be paid, and therefore the cancellation rate is high. In most cases it would have been better to strictly separate the coverage of biometric risks (especially death and disability by separate insurance contracts) from the long-term investment procedures which can be used for additional retirement provision. In fact IBIPs by their “product design” are contradictory in themselves to this fundamental “best advice”. So potential policyholders should at least be made aware of these two different “risk” dimensions (biometric and investment parts) by an advice which should be as “best” as possible - given the prevalent product offers.	
Fédération Bancaire Française	Q15	FBF agrees with the description of specific risks developed by EIOPA in paragraphs 151 to 153 of the Consultation paper.	Noted
Gesamtverband der Deutschen Versicherungswirtschaft e. V.	Q15	Consumers should always be sure of the extent of the advice they can expect. Difficulties might arise from delimitation between streamlined and full advice, when customers use hybrid advisory services, e.g., a mix of online and offline advice. From the consumers’ point of view, they should be confident of the same level of protection regardless of the communication tool or distribution channel used. Compliance with different distribution regimes (e.g., for online or offline) is not feasible in practice. The principle of "same game, same risk, same rules" has proven itself. As already mentioned in Q14 the current European provisions on the suitability assessment at Levels 1 and 2 of the IDD provide for a rigorous yet practicable regulatory framework, which – in its abstraction – allows for variations in the processes to take account of the characteristics of the respective product, its target market, and consumer’s needs.	Agreed that there should be the same level of protection for consumers both in an online and offline context.
ING Bank NV	Q15	No, we don't see any specific risk.	Noted
Bundesverband Deutscher Vermögensberater	Q15	EIOPA erwähnt zu Recht die auch in Deutschland gelegentlich zu sehender Praxis, Verbraucherschutzregelungen beim rein digitalen Kauf durch „tick-boxes“ mehr oder weniger auszuschalten. Es ist dann kein Verbraucherschutz mehr gewährleistet. Ein hoher Digitalisierungsgrad kann auch dazu führen, dass IBIP’s nicht mehr angemessen erklärt werden. Der Informationsbedarf der Verbraucher ist sehr unterschiedlich.	Noted

		<p>Diese Unterschiede lassen sich besser im persönlichen Gespräch mit dem Berater berücksichtigten als in programmierten und damit meist standardisierten digitalen Tools.</p> <p>Deswegen teilen wir die zurückhaltende Einschätzung und die geäußerten Bedenken EIOPAs, den Beratungsprozess generell zu vereinfachen und Straffungen vorzunehmen (Seite 64/65 des Berichts). Bei Versicherungsanlageprodukten steht die persönliche Beratung im Vordergrund. Gerade deswegen sollten sich die Vermittler nicht fortwährend neuen Regulierungen ausgesetzt sehen. Um eine flächendeckende Beratung der Bevölkerung gewährleisten zu können, muss man die Masse der Vermittlerregulierungen reduzieren und hierdurch die Umsetzungskosten geringhalten.</p>	
Actuarial Association of Europe	Q15		
Die Deutsche Kreditwirtschaft	Q15		
Allianz SE	Q15	<p>While adequate streamlining should be permissible, we agree with the specific challenges / risks in introducing a concept of streamlined advice compared to full advice (see §151 of the consultation paper). In particular, no shortcuts should be permissible that materially increase the risk of detrimental impact. This seems problematic, e.g. the less accurate and up-to-date the data used, the more convoluted processing is performed in the streamlining process, e.g. by employing AI models and proxy data to estimate possible customer needs rather than assessing them directly.</p> <p>We would also reiterate that customers seem to demonstrate a preference for full-personal advice instead of impersonal possibly automated service.</p>	Noted.
FECIF	Q15	<p>In fact, we see particular risks for consumers in a further simplification of the advisory processes.</p> <p>We have already outlined the need for holistic advice in our answer to question 7.</p>	Noted re risk of enhancing “protection gaps”

		<p>We have also already shown that a supposedly simple closing route for products for old-age provision and long-term investment through Insurance Based Investment's Products is not suitable for simultaneously providing the absolutely necessary customer's immediate provision for his or her livelihood. If both</p> <p>cannot be guaranteed, however, there is a considerable risk for the consumer that an uninsured risk (occupational disability, illness, liability claims, etc.) will negate any efforts to build up old-age provision and long-term investment through Insurance Based Investment's Products will be nullified.</p>	
Sparbanken Skåne AB (publ)	Q15	There is a risk that the advice process can be too streamlined and standardized. There must be enough "space" to meet different and specific needs.	Noted
VOTUM Verband	Q15	<p>In fact, we see particular risks for consumers in a further simplification of the advisory processes.</p> <p>We have already outlined the need for holistic advice in our answer to question 7.</p> <p>We have already shown that a supposedly simple closing route for products for old-age provision is not suitable for simultaneously providing the absolutely necessary the customer's immediate provision for his or her livelihood. If both cannot be guaranteed, however, there is a considerable risk for the consumer that an uninsured risk (occupational disability, illness, liability claims, etc.) will negate any efforts to build up old-age provision will be nullified.</p>	Noted re risk of enhancing "protection gaps"
<p>Question 16: What is your view on possible demand-side solutions to facilitate the provision of affordable advice on the sale of IBIPs and support wealth management, such as financial guidance and what benefits could this bring?</p>			
Polish Chamber of Insurance	Q16	<ul style="list-style-type: none"> • Importance of financial education • It is likely that different solutions will be needed to different markets to reflect the outlook of consumers in each market 	Noted

BETTER FINANCE	Q16	<p>We believe that EU and national initiative on financial education are extremely useful. However, it should be pointed out that even a high level of financial education does not solve the problems of complex products. Indeed, the level of financial education will always be dependent to the level of education therefore there will be always a component of social conditions. At the ESAs high-level conference on financial education and literacy of 01 February 2022, Aleksandra Maczynska, Executive Director of BETTER FINANCE underlined these considerations: https://www.eba.europa.eu/calendar/esas-high-level-conference-financial-education-and-literacy</p> <p>Therefore, the best solution is providing a simpler palette of products together with affordable advice. for example Robo advisors can offer standardized, cost efficient and transparent products (as for PEPP); although robo advisors as well need to be free of any bias component in the algorithm or high commissioned IBIPs and controlled by independent institutions.</p>	Agreed, we have adjusted our final advice to reflect the fact that financial education should be considered a complementary tool, rather a substitute for effective conduct of business regulation
Irish Life Assurance PLC	Q16	We believe that future regulations should be technology neutral and facilitate the development of financial planning and digital advice tools which support a wide group of consumers access the advice they need.	Noted
Unipol Gruppo S.p.A.	Q16	<p>In our opinion, improving financial literacy and people's understanding of insurance can play an important role in supporting economic growth and enabling companies to overcome the significant retirement challenges they face.</p> <p>Raising people's awareness of financial risks and opportunities can help them make informed decisions about which financial services meet their needs. To be able to make informed financial decisions, consumers need to be financially literate and have access to information on the products and services available to them.</p> <p>For these reasons, Unipol Group welcomes any public initiatives to improve the financial awareness. That being said, any assistance service such as financial guidance should be clearly set apart and distinguished from the provision of financial advice during the sales process, as to avoid that supervised activities are performed by providers not meeting the necessary qualification criteria Therefore, we think that</p>	Noted and agreed re need for clear boundary between financial guidance and regulated advice

		<p>financial guidance could be useful for clients as long as it does not address clients to specific products or manufacturers, because in this case financial guidance would just add a further step to the sale process, raising new concerns and risk of mis-selling and conflicts of interests. Instead, financial guidance could be aimed at helping the client understanding their overall risk profile and objectives, without suggesting specific products on the market.</p> <p>In any case, it should be borne in mind that these initiatives, although may increase the level of investor awareness, cannot replace the provision of financial advice by qualified intermediaries.</p>	
Dutch Association of Insurers	Q16		
France Assureurs (Fédération Française de l'Assurance)	Q16	<p>France Assureurs supports the opinion that Financial education is key to ensuring that citizens are equipped with the confidence and skills necessary to engage in financial decisions. Any policymaker efforts to promote and enhance financial literacy and financial inclusion would be supported by the insurance industry.</p> <p>However, according to the consultation, EIOPA differentiates between financial education and the notion of financial guidance. This notion deserves a more precise definition. Indeed, as EIOPA points out the boundaries between guidance and regulated advice has to be clarified if a new regime were to be implemented. Furthermore, the variation and articulation of this regime in countries where advice is mandatory may not be appropriate.</p>	Noted.
Länsförsäkringar	Q16		
ASSORETI - Association of intermediaries which provide investment advice service through their network of qualified individual financial advisors.	Q16		

Insurance Ireland	Q16	<p>Those who are most in need of personalised financial advice are very often those who are least likely to be able to afford a fee-based model. However, we agree with Insurance Europe that it is likely that different solutions will be needed in different markets to reflect the needs and requirements of consumers in each market. Through providing choice of distribution channels and different types and levels of advice we are expanding the potential for greater consumer inclusivity. Whatever rules are implemented we suggest that they should not prevent the use of decision trees and robo-advice to support this cohort of consumers from accessing some level of advice.</p>	Noted, in particular re benefits of decision trees and robo-advice to access some level of advice
BEUC, The European Consumer Organisation	Q16	<p>BEUC supports the development and promotion of complementary services for consumers to financial advice, such as financial guidance. The EU should require Member States to promote measures that support financial guidance to consumers in relation to investing and pension saving. Member States should be encouraged to set up national financial guidance bodies for consumers and/or fund existing organisations representing financial end-users capable of providing financial guidance services to consumers. Financial guidance services could include:</p> <ul style="list-style-type: none"> - Providing simple advice about a range of financial services products available to consumers (their main characteristics, costs, benefits and risks), without a recommendation for a specific product from a specific provider - Providing adequate information and comparison tools to consumers to help them compare the features of investment, life insurance and pension products (such as the Finansportalen website in Norway). <p>Financial guidance for consumers could be funded by governments through national budgets and/or financed by placing a small levy on financial industry participants.</p>	Noted.
ANIA	Q16	<p>Financial education is a top priority issue that should be treated at an institutional level to identify educational processes at school and / or university level even before addressing the retail market. Insurance customers can hardly be "educated" but it is necessary to guarantee them free access to the advice provided by distributors without introducing potential obstacles to their remuneration for the activity carried out also to prevent negative cascading effects in terms of proposition towards</p>	Noted and agreed re benefits of pension tracking systems

		<p>customers that determine insurance gaps in priority sectors such as savings and investments.</p> <p>One possible solution to protect consumers' interests in pension gaps could be based on initiatives on pension monitoring systems.</p>	
ACA	Q16		
Institut des actuaires (France)	Q16		
Spanish Banking Association	Q16		
Bundesarbeitsgemeinschaft zur Förderung der Versicherungsmakler (BFV)	Q16		
Insurance Europe	Q16	<p>We agree with EIOPA that it is important to also consider the 'demand-side' of the provision of advice. We are not convinced that there are currently a significant number of consumers ready to access online streamlined advice, or who have the relevant level of knowledge to benefit from streamlined, over regulated advice.</p> <p>Financial education has a vital role to play in ensuring that European citizens are equipped with the knowledge, confidence and skills necessary to improve their understanding of financial products and concepts. We would also highlight that as financial education is largely a matter for national governments, there is currently a significant divergence between levels of financial readiness between European markets. Measures need to be flexible enough to meet the cultural expectations of each national market. There is a limited role for coordination at the EU level increasing national demand for advice and guidance.</p> <p>There are also significant differences between the insurance sector and the investment sector that need to be taken into account. While many consumers enjoy actively engaging with their investments and making investment decisions, very few have such a positive approach to pensions and the insurance of risks. These have much more negative associations with death, ill health, old age and are therefore</p>	<p>Noted, in particular regarding need to revisit recital 12 of the IDD.</p>

		<p>often only accessed when a consumer has been actively made aware of their risks. This inherent need for these products to be ‘pushed’ would need to be taken into account in any initiatives geared towards the insurance sector. In a similar vein, the role of financial advice in drawing consumers’ attention to these products should not be underestimated. Any changes to the current rules on advice, that make advice less affordable or accessible (i.e. overly restrictive rules on commission) will have a knock-on effect on the number of consumers accessing these products.</p> <p>That said, advice centres and non-profit organisation (as mentioned in the report) may be effective in reaching out to consumers who wish to receive financial guidance. However, we see some potential issues that would need to be addressed. It should be ensured that these platforms provide the same quality as regulated advice. The current recital 12 IDD excludes websites managed by public authorities or consumers’ associations which do not aim to conclude any contract but merely compare insurance products available on the market from the IDD scope. This exemption should be revisited to ensure appropriate safeguards are in place. The IDD requirements should also apply to services as listed in number 161 of this consultation paper, where the organisation is remunerated in any form for providing this service to clients.</p>	
VOTUM Verband	Q16	Keine Antwort.	
Austrian Federal Economic Chamber, Division Bank and Insurance	Q16	<p>We agree with EIOPA that it is important to also consider the ‘demand-side’ of the provision of advice. We are not convinced that there are currently a significant number of consumers ready to access online streamlined advice, or who have the relevant level of knowledge to benefit from streamlined, over regulated advice.</p> <p>Financial education has a vital role to play in ensuring that European citizens are equipped with the knowledge, confidence and skills necessary to improve their understanding of financial products and concepts. We would also highlight that as financial education is largely a matter for national governments, there is currently a significant divergence between levels of financial readiness between European markets. Measures need to be flexible enough to meeting the cultural expectations of each national market. There is a limited role for coordination at the EU level</p>	Noted, in particular regarding need to revisit recital 12 of the IDD.

		<p>increasing national demand for advice and guidance.</p> <p>There are also significant differences between the insurance sector and the investment sector that need to be taken into account. While many consumers enjoy actively engaging with their investments and making investment decisions, very few have such a positive approach to pensions and the insurance of risks. These have much more negative associations with death, ill health, old age and are therefore often only accessed when a consumer has been actively made aware of their risks. This inherent need for these products to be ‘pushed’ would need to be taken into account in any initiatives geared towards the insurance sector. In a similar vein, the role of financial advice in drawing consumers’ attention to these products should not be underestimated. Any changes to the current rules on advice, that make advice less affordable or accessible (i.e. overly restrictive rules on commission) will have a knock-on effect on the number of consumers accessing these products.</p> <p>That said, advice centres and non-profit organisation (as mentioned in the report) may be effective in reaching out to consumers who wish to receive financial guidance. However, we see some potential issues that would need to be addressed. It should be ensured that these platforms provide the same quality as regulated advice. The current recital 12 IDD excludes websites managed by public authorities or consumers’ associations which do not aim to conclude any contract but merely compare insurance products available on the market from the IDD scope. This exemption should be revisited to ensure appropriate safeguards are in place. The IDD requirements should also apply to services as listed in number 161 of this consultation paper, where the organisation is remunerated in any form for provided this service to clients.</p>	
EIOPA IRSG	Q16	<p>The IRSG believes that ensuring access to affordable advice for all consumers is essential. Financial guidance should not mean that advice becomes unaffordable for all but the most well off consumers.</p> <p>Equivalent provisions on the promotion of financial education and necessary information for consumers under the MCD could be considered. Financial education</p>	<p>Agreed that ensuring access to affordable advice for all consumers is essential.</p> <p>Agreed also that financial education is a complementary tool and cannot</p>

		<p>should ultimately be integrated into compulsory education curricula, but this is not an EU-level competence.</p> <p>Some IRSG members believe that it can then help to build consumer confidence and capacity in accessing financial markets, especially where advice is streamlined. This is linked to the discussion on restricting commission-based advice, as commissions are a crucial factor in ensuring advice is available to all.</p> <p>Having said that, some IRSG members also noted that such solutions shift the concept of advice from the supply to the demand side and care needs to be taken that such actors do not develop their own conflicts of interest or political agendas. Furthermore the examples provided (e.g. Norway Finansportalen) relate to single actors in the market and hence present the risks, including competition, typically linked to the digital platforms.</p> <p>Other IRSG members believe that financial education cannot, however, replace effective consumer protection rules that ensure the market is safe and suitable for consumers. Just as consumers for non-financial services have consumer advice call centres or bureaus, consumers for financial services should also be provided with free advice when they are purchasing financial products.</p>	<p>replace effective consumer protection rules that ensure the market is safe and suitable for consumers</p>
BIPAR	Q16	<p>The reasonable/affordable cost of advice is achieved giving the consumer the choice between different business models, the choice to remunerate the intermediary by way of commission or by way of fee or a combination of both, in a transparent way. This is achieved by the IDD.</p> <p>It has to be reminded here again that the system of remuneration makes it possible to mutualise the cost of advice and therefore, in the pre-contractual phase, to provide it free of charge to all, even if the product is not taken out. Moreover, it enables intermediaries to continue to advise the policyholder throughout the life of the contract without any specific additional cost.</p> <p>Any other solution seems theoretical, even if we agree with EIOPA that financial</p>	<p>Noted, in particular re challenges of introducing financial guidance concept in different Member States.</p>

		<p>education should be promoted.</p> <p>In its paper, EIOPA explains that although it is a topic not addressed specifically in the Commission's Call for Advice, more can clearly be done to enhance the level of financial education of consumers seeking to purchase IBIPs and to raise awareness about potential scams and significant cases of mis-selling.</p> <p>Solutions like financial guidance (the wording used can lead to confusion) would not be possible in all EU Member States.</p> <p>The concept of financial planning advice is regulated in Belgium. Since in Belgium financial planning advice can only be given by regulated undertakings, it could not be seen as a solution for the provision of affordable advice on the sale of IBIPs and to reach a wider group of consumers. Not many consumers are willing (or able) to pay for this sort of planning.</p>	
Assuralia	Q16	<p>Assuralia is in favour of financial education but would like to highlight that such a framework is not yet clear.</p> <p>However, a framework for financial guidance already exists under Belgian law, and the roles and competences financial planners are already regulated, as are distributors of insurance products.</p>	Noted
Italian Banking Association	Q16	<p>As a general comment, we believe that the initiatives described by EIOPA may contribute to making the IBIPs market more accessible to investors. In particular, we deem it important to develop financial literacy. In any case, it must be borne in mind that, while these initiatives may increase the level of awareness of investors, they cannot replace, as such, the provision of the advisory services by intermediaries.</p>	Noted
AGEA (French association of general insurance agents)	Q16	<p>Reasonable cost of advice is made possible by remunerating the distributor through commissions. This remuneration system is the only one that allows to mutualize the cost of advice. According to this system, in the pre-contractual phase, advice may be delivered to all even if the potential client does not subscribe to the insurance policy.</p>	Noted

		<p>Moreover, it allows the agent to keep advising the policyholder throughout the contract's life without additional specific costs.</p> <p>Other solutions appear theoretical, although financial education should be promoted.</p>	
ANASF	Q16	As we answered to question 14, automated tools can be used to provide basic and generic financial/insurance information, but it is necessary that investors consult with an advisor, especially for products with a complex structure.	Noted
Austrian Insurance Association (VVO)	Q16	<p>We agree with EIOPA that it is important to also consider the 'demand-side' of the provision of advice. We are not convinced that there are currently a significant number of consumers ready access online streamlined advice, or who have the relevant level of knowledge to benefit from streamlined, over regulated advice.</p> <p>Financial education has a vital role to play in ensuring that European citizens are equipped with the knowledge, confidence and skills necessary to improve their understanding of financial products and concepts. We would also highlight that as financial education is largely a matter for national governments, there is currently a significant divergence between levels of financial readiness between European markets. Measures need to be flexible enough to meeting the cultural expectations of each national market. There is a limited role for coordination at the EU level increasing national demand for advice and guidance.</p> <p>There are also significant differences between the insurance sector and the investment sector that need to be taken into account. While many consumers enjoy actively engaging with their investments and making investment decisions, very few have such a positive approach to pensions and the insurance of risks. These have much more negative associations with death, ill health, old age and are therefore often only accessed when a consumer has been actively made aware of their risks. This inherent need for these products to be 'pushed' would need to be taken into account in any initiatives geared towards the insurance sector. In a similar vein, the role of financial advice in drawing consumers' attention to these products should not be underestimated. Any changes to the current rules on advice, that make advice less affordable or accessible (i.e. overly restrictive rules on commission) will have a knock-</p>	Noted, in particular regarding need to revisit recital 12 of the IDD.

		<p>on effect on the number of consumers accessing these products.</p> <p>That said, advice centres and non-profit organisation (as mentioned in the report) may be effective in reaching out to consumers who wish to receive financial guidance. However, we see some potential issues that would need to be addressed. It should be ensured that these platforms provide the same quality as regulated advice. The current recital 12 IDD excludes websites managed by public authorities or consumers' associations which do not aim to conclude any contract but merely compare insurance products available on the market from the IDD scope. This exemption should be revisited to ensure appropriate safeguards are in place. The IDD requirements should also apply to services as listed in number 161 of this consultation paper, where the organisation is remunerated in any form for provided this service to clients.</p>	
<p>Bund der Versicherten (BdV - German Association of Insured)</p>	<p>Q16</p>	<p>Any efforts undertaken on EU or national levels to increase financial education are helpful of course. But it should be clear, even the best level of financial education on the "demand-side" by customers / consumers does not solve the problem of "complex" products. This is all the more true as the level of financial education strongly depends on the general level of education, and there will always be a strong "social stratification" of customers.</p> <p>This position had recently been confirmed, too, by Aleksandra Maczynska, Executive Director of Better Finance in Brussels, as one of the speakers at ESAs high-level conference on financial education and literacy of 01 February 2022:</p> <p>https://www.eba.europa.eu/calendar/esas-high-level-conference-financial-education-and-literacy</p> <p>So best way to offer affordable advice consists in offering simple products, i.e. standardized, cost-efficient and transparent products which can easily be sold online and by robo-advice (as intended by the forthcoming PEPP). Of course any kind of automated decision tree tool or even AI-based robo-advice must be controlled by</p>	<p>Agreed and the text of the final advice has been adjusted to refer to the fact that financial education is a complementary tool only and not a substitute for effective conduct of business regulation</p>

		independent institutions for not having included the “bias” for final contract conclusion of non-appropriate high-commissioned IBIPs.	
Fédération Bancaire Française	Q16	<p>FBF supports all initiatives which can help financial education and better information for consumers. In France, the Banque de France launched a portal of financial education in 2016, which provides inter alia information on insurance and IBIPs.</p> <p>But we must recall that any insurance contract cannot be sold without advice in France and thus, financial guidance, financial coaching, educational tools or any other initiatives as described in paragraphs 161 to 163 in the Consultation paper cannot become a real alternative to a regulated advice service.</p>	Noted re mandatory advice regime. The aim of financial guidance is not to sell a product but to give the consumer an idea of the types of products it could buy via a financial adviser.
Gesamtverband der Deutschen Versicherungswirtschaft e. V.	Q16	<p>We very much welcome the fact that EIOPA is also looking at the demand side and see great potential for improvement in this area. First and foremost, efforts should be made to further enhance financial literacy, this issue was already addressed within the European Commission’s CMU-action plan and the ESAS work on it. Both are highly appreciated by the insurance industry. Nevertheless, this is a long-term project, impacts would probably not be seen in the short run.</p> <p>Advice centres of non-profit consumer protection organisations such as the services of the vzbv in Germany – as mentioned in Nr.161 - might be helpful for consumers who seek guidance on their initiative. However, we like to point out several issues:</p> <ul style="list-style-type: none"> • Firstly, pensions and insurance solutions provide protection regarding loss of wealth, old-age poverty, loss of abilities, illness, and dependency. Typically, potential customers must first be made aware of their needs, be advised, and be interested in products for risk protection and old-age provision. They seldom do so on their own, partly because these risks trigger negative associations. Hence, we like to underline that any proposals at the EU level that indirectly restrict the supply of advice for consumers, e.g., by limiting the options for the remuneration of this advice, would be unfortunate. They may have the effect of reducing the incentive to actively reach out to the customer with a knock-on effect on levels of savings and investment. A possible solution to foster consumer interest in pension gaps might be initiatives on pension 	Noted and agreed re benefits of pension tracking systems and need to revisit recital 12 of the IDD.

	<p>tracking systems. The German Government currently works on a pension tracking system, seeking to make it easier for individuals to trace all their sources of future retirement income and to compare them in an appealing and comprehensible way. This is likely to positively impact and facilitate the identification of potential needs for additional savings. The insurance industry highly welcomes this initiative and is actively engaged in the implementation process.</p> <ul style="list-style-type: none"> • Secondly, it should be safeguarded that a financial guidance framework as mentioned in Nr. 160 provides the same quality as regulated advice. EIOPA properly points out the risk of unclear boundaries between advice and guidance. In this regard, we would like to flag the exception within recital 12 IDD which might stand in the way of this goal. It excludes websites managed by public authorities or consumers' associations which do not aim to conclude any contract but merely compare insurance products available on the market from the IDD scope. We do believe that everyone who advises or guides the client should meet certain basic requirements. He or she should have a minimum level of professional qualification, continue his or her professional knowledge and abilities regularly, and have professional liability insurance. Therefore, the IDD requirements should also apply to services as listed in number 161 of this consultation paper. At EIOPA's public hearing, Consumer protection organizations pointed out that a big difference lies in the fact that vzbv does not recommend any specific products, thus has no sales interests and therefore no conflicts of interest can arise. We would like to reject this and point out, that only very basic information is offered for free. When personalized or individual advice is needed the vzbv refers to their local advice centres where fee-based advice is offered. For 1 hour of advice on Investments and Old-age provisions, 80€ are charged. After this, preparatory strategic planning, the consumer is still left alone to find an appropriate product and provider. In this respect, we want to stress again, that according to the definition in Article 2 (1) No. 1 IDD, preparatory work for sales already falls under the definition, and this is not without reason. • Thirdly, we want to share some findings from the UK-Market where financial guidance was already implemented. A YouGov study (https://www.open- 	
--	---	--

		<p>money.co.uk/advice-gap-2021) from 2021 describes the risk of being influenced by unqualified social media ‘experts’. Worryingly the under 25s are more likely to turn to social media for financial advice than pay a professional adviser. Almost one in ten (9%) of respondents in the 18-to 24-year age group say they use social media such as TikTok and Instagram for financial advice, compared to just 3% who have paid for professional advice across all age groups.</p>	
ING Bank NV	Q16	<p>We see this as a positive development. As already mentioned in question 8 with the example of qfinr.com where you can consolidate your investments but also plan for your retirement goals. In an ideal world a customer should be able to place their IBIPs alongside savings and other retail investment products in order to make well informed decisions and getting assistance in making these decisions.</p>	<p>Agreed re possibility for placing IBIPs alongside savings and other retail investment products</p>
Bundesverband Deutscher Vermögensberater	Q16	<ul style="list-style-type: none"> • Wir sehen in erster Linie komplizierte Fondskonstruktionen als Problem für den Verbraucher. Solche Konstruktionen werden oft nicht verstanden. Insbesondere bei Kleinanlegern sollten deshalb die in IBIP’s enthaltenen Fonds einfach nachvollziehbar sein und von einem Berater durch Grafiken und Beispielrechnungen veranschaulicht werden. Entscheidend für die Verfügbarkeit von erschwinglichem Rat ist die Verfügbarkeit von Rat. In Deutschland nimmt das Beratungsangebot (Bankfilialen und Versicherungsvermittler) seit Jahren deutlich ab. Dies ist nicht im Interesse der Verbraucher. Beratung sollte politisch gefördert und nicht durch immer mehr Regulierung aus dem Markt gedrängt werden. Deswegen benötigt der Verbraucher leicht zugängliche, persönliche Beratung. Diese müsste auch in breiter Fläche angeboten werden. • Zu Recht wird immer wieder - auch von EIOPA - darauf hingewiesen, dass viele Erwachsene große Lücken im Bereich der Finanzbildung aufweisen. Natürlich gehört die Vermittlung von Finanzwissen primär in die Gesetzgebungskompetenz der Nationalstaaten. Man könnte jedoch die steuerliche Absetzbarkeit von Kosten der Eigeninitiative bezüglich des Erwerbs von Finanzwissen fördern (zum Beispiel Teilnahme an Ausbildungsveranstaltungen im Bereich Finanzhilfen). Gleichzeitig könnte man Bildungsanbieter staatlich unterstützen. Wir halten es aber für einen Irrglauben, dass eine finanzielle Allgemeinbildung, die ja neben IBIP’s auch eine große Anzahl weiterer – völlig anders konstruierter Finanzprodukte - umfassen müsste, auf 	<p>Noted, particularly regarding lack of comprehension of complicated fund structures. EIOPA would like to clarify that the intention of exploring further demand-side initiatives, was not with a view to suggesting that regulated advice should become obsolete in the long run.</p>

		ein Niveau gebracht werden kann, dass eine Beratung obsolet macht. Dies belegen auch die erheblichen Aus- und Weiterbildungsanstrengungen, die Berater erbringen müssen, um die notwendige Kompetenz vorzuhalten.	
Actuarial Association of Europe	Q16		
Die Deutsche Kreditwirtschaft	Q16		
Allianz SE	Q16	<p>The demand-side solutions shift the concept of advice from the supply to the demand side. While this should generally be permissible or even welcome, care needs to be taken that such players do not develop their own conflicts of interest or political agendas. For example, social media channels “educating” investors are not necessarily reliable sources for investment advice. They may even work to investor detriment, even if they do not charge any direct fees and are not liable for their “education” because they merely state “private opinions”.</p> <p>The examples provided of consumer advice centres set up by the VBZ in Germany and state-backed Finanzportalen in Norway (see §161 of the consultation paper) seem to be single players in the market and hence present the risks, including competition, typically linked to the digital platforms. This may be a structural problem, since these solutions only emerge as (typically publicly-sponsored) monopolies. This in turn brings up questions of fair competition as well as the pro-cyclical effect of advice given by such monopolistic actors.</p> <p>We agree with EIOPA that the key challenge is that there needs to be a very clear boundary between financial guidance and regulated advice for such a regime to succeed (see §159 of the consultation paper). In particular, financial guidance should not be positioned as equivalent to regulated advice.</p> <p>Demand-side solutions shift the strategic focus from the supply to the demand side and are hence close to financial education, of which Allianz has been generally supportive. We have noted that one may not just increase financial education and awareness and expect that the public will be able to look after themselves in all</p>	Noted and agreed re dangers of social media channels educating investors.

		situations, particularly when buying ever-more complex financial products. Improving financial literacy makes sense most of all in the context of a financial environment that can be navigated reasonably and fairly by as many people as possible. In particular, there will always be a segment of the population that is less financially literate, and these could be termed vulnerable consumers. Greater care should be taken with such consumers and we advocate that they should not be sold without advice any products with pay-outs which pose significant hurdles to understanding the benefits.	
FECIF	Q16	See answer to question 15.	
Sparbanken Skåne AB (publ)	Q16	If something should be "affordable", there is need of better guidelines concerning what an affordable or reasonable fee or remuneration should be.	Noted. EIOPA addresses the topic of cost-efficiency in the section of advice on "product complexity".
VOTUM Verband	Q16	See answer to question 15.	
Question 17: Do you agree with EIOPA's interpretation of complexity and cost efficiency in light of the changing market environment?			
Polish Chamber of Insurance	Q17	<ul style="list-style-type: none"> • The current market environment is characterised by increasing interest rates, high volatility, soaring regulatory requirements and increasing longevity. This required to adapt products' features to meet consumers' expectations in terms of higher returns while managing their exposure to risks. • Insurers offer is constantly adapted to the market conditions, the regulatory framework and consumers' needs. Insurers' ability to offer traditional with-profit products might increase again in the coming years, mainly due to increasing interest rates and if certain flaws in the Solvency II capital requirements are fixed. • In this respect, any limitation on the possibility to design and distribute products with sophisticated architecture and competitive features would significantly restrict insurers' ability to respond to customers' specific demands and needs, notably in terms of protection against certain risks (e.g. longevity risk). This would be against the CMU goals to allow consumers to invest in financial products that are most suited to their investment and risk preferences, benefit from an efficient and competitive market and address their long-term financial needs. 	<p>While expected, significant increasing interest rate are not yet present in relation to euro.</p> <p>We do not aim at limiting the design of sophisticated products but our purpose is to incentivize simpler products to policyholders in terms of understanding their costs, risks and potential rewards.</p> <p>We agree that the representation of insurance protection guarantees in the KID can be improved.</p>

		<ul style="list-style-type: none"> • Therefore, there is no need to introduce further limitations to insurers' product design and distribution. What needs to be improved is the PRIIPs KID, as it needs to prominently explain at the top of the document and/or in the first layer the existence or lack of biometric risk covers, financial guarantees, other capital protection mechanisms or insurance benefits. To find space for that, it is sufficient to re-organise the other sections and simplify other contents that are redundant, such as the many different performance and cost figures at intermediate time periods. In this way, there will be no need to increase the length of the document, nor to add further labels and indicators in addition to the comprehension alert and Synthetic Risk Indicator. • In terms of incentives, non-complex or less risky products should be subject to the automatic application of pre-defined proportionality elements, for example in the POG and in the advice process. 	
BETTER FINANCE	Q17	Based on input from our member organisations, there are several categories of IBIPs that can be regarded particularly complex, i.e. those that combine features that are difficult to understand by consumers, i.e. multi-option products combining biometric risk and capital markets risk, those that have opaque cost structures, and those with difficult to understand profit participation mechanisms.	Agreed.
Irish Life Assurance PLC	Q17	<p>A more nuanced and prescribed complexity assessment with different rules for every part of the product's life cycle would be confusing and increase the compliance overhead.</p> <p>Irish Life believes that the focus should be on the provision of understandable information and increasing financial literacy for customers</p>	Partially disagreed. Understandable information is important but when product are extremely complex, financial literacy and transparency are not the only solution
Unipol Gruppo S.p.A.	Q17		
Dutch Association of Insurers	Q17		

<p>France Assureurs (Fédération Française de l'Assurance)</p>	<p>Q17</p>	<p>In the current climate, focusing on the structure of the product to define its level of complexity is not the right approach. If the product's architecture helps protecting consumers against risks – for example through biometric risk covers, financial guarantees, other risk mitigation techniques and contractually agreed benefits at the end of the contract offered by IBIP - then this sophistication is in the interest of consumers and should not be considered complexity. A PEPP or a guaranteed product, as euro fund, for example, are regarded as simple although they could apply sophisticated risk-mitigation techniques.</p> <p>A distinction should be made between the product back-end engineering, the level of investment risks and consumers' understanding of front-end disclosures. While the back-end engineering can be difficult to understand for the average customer, it can make the product less risky; what is more important for consumers is to understand the front-end disclosures they receive about the level of risk of the product. To ensure fairness, a product with numerous underlying options should not be classified as complex simply by virtue of the number of options, in particular where the options themselves are classified as non-complex. France Assureurs considers complexity must be only assess at the level of investment options. Should there be a complexity classification at the level of the product, France Assureurs suggests a range of options complexity as for risk indicator in PRIIPS KID for Mops. What could be considered complex due to the existence of several options, in fact makes it possible to respond and adapt the investment solution to the evolution of the client's needs over time or the evolution of markets conditions</p>	<p>Partially agreed. Sophistications in the interests of consumers must also be correctly understood by the insured in order to avoid possible misunderstandings about the characteristics of the product and mismatches between expected returns and actual returns.</p>
<p>Länsförsäkringar</p>	<p>Q17</p>	<p>We believe that it is difficult to capture and in a legal act describe complexity in a too detailed way. The overall aim of regulating “complexity” aspect must be to protect policyholders. In our opinion the IDD and POG requirements already ensure high levels of consumer protection. We believe it would benefit consumers if NCAs were given mandate to supervise a more complex product in a more detailed way. However, any attempt to too strictly define and regulate complexity could be difficult to implement and lead to less products and indirectly losses for consumers. In the low interest rate environment of today it is important to find ways and products that can</p>	<p>Partially disagreed. While greater transparency and national oversight would help protect customers, product complexity should also be reflected in the POG process to ensure there is a sufficient balancing of interests.</p>

		<p>result in good pension for the policyholder. Again, complexity must be seen in the national context. In a country where different forms of pensions are part of a person's total pension a "complex" product or even a product with higher risk is something totally different from a pension product that will result in the sole retirement income for a person. The legislation must therefore allow for flexibility. To conclude we believe complexity is difficult to define and we believe that high level of consumer protection is better reached with high level of transparency and supervision.</p>	
ASSORETI - Association of intermediaries which provide investment advice service through their network of qualified individual financial advisors.	Q17		
Insurance Ireland	Q17	<p>Insurance Ireland's members believe that the definition of non-complex products should be maintained under the IDD and note there are already adequate safeguards in place under IDD and PRIIPs.</p> <p>The Irish market deals in a majority of unit-linked products and these are considered complex by design. There is a danger in conflating the terms "simple" and "low risk" and EIOPA's complexity assessment matrix does just this. However, all financial products carry a degree of risk. Bank accounts carry with them the risk that capital will be eroded by inflation. The same may apply to low-risk investment products with low potential returns.</p> <p>If customers are to benefit from CMU and if CMU is to properly achieve its aims, then there must be a degree of risk taking by the customers. Products which are riskier are not necessarily more complex. Indeed, it can be argued that the behind the scenes mechanisms required to give capital guarantees or risk mitigation techniques are highly complex although this may not be fully visible to the investor. One of the key aspects here is again financial literacy and supporting the customer to make, with appropriate advice, good decisions.</p>	<p>Partially agreed. Indeed EIOPA proposes to distinguish between complexity from a customer perspective in terms of understanding the operation, risk, costs and potential reward of the products and complexity as financial engineering underling the product.</p>

		<p>Products which may be perceived as non-simple can bring better risk mitigation, the potential for higher returns and more choices to adapt the product to consumers' evolving needs:</p> <ul style="list-style-type: none"> • Unit-linked policies provided by life insurers offer a diversified investment vehicle which can provide a better return on an investment over the longer term based on thoughtful, sound and sensible risk management. • Unit-linked products can reduce a consumer's risk exposure compared to investing directly in individual stocks and shares and can potentially offer a higher return than interest on deposits. • Unit-linked policies present an attractive opportunity for general private pension savings, contribute to the resilience of many people against old-age poverty and, often, mitigate additional risks, e.g. biometric risk. • Unit-linked products present a meaningful and comparably less risky vehicle for the participation of retail customers in capital markets. Therefore, these products can constitute a significant contribution to the European Union's objectives under the Capital Markets Union. <p>The IDD and POG requirements ensure a sufficient level of consumer protection. The various existing regulations include the enhanced POG framework introduced as part of the IDD and this provides a mechanism to address the concerns raised. Part of the product testing involves testing the target market's understanding of the product literature. If this is done adequately, this should provide assurance that the target market understands the main product features and the costs involved.</p> <p>Additionally, the CBI's approach to conduct risk oversight and governance means that there is a strong supervision of these products already in the Irish market, applicable to both domestic and cross-border providers. We believe that the existing information</p>	
--	--	---	--

		<p>requirements under the IDD, POG and PRIIPs as a whole already present a sound (if burdensome) framework to protect the interests of consumers with the POG requirements preventing the distribution of products where costs result in the product not meeting the objectives of the target market. We believe that the consistent application of the provisions would constitute an appropriate level of consumer protection.</p> <p>We agree with Insurance Europe that a more nuanced complexity assessment with different rules for every part of the product's life cycle would be confusing. The focus should be on the provision of understandable information and increasing financial literacy.</p>	
<p>BEUC, The European Consumer Organisation</p>	<p>Q17</p>	<p>BEUC shares EIOPA's concerns about the cost efficiency of unit-linked life insurance products. Our members regularly caution consumers to pay close attention to the fees associated with unit-linked life insurance products offered to consumers in their markets:</p> <p>In Belgium, our member Test Aankoop has warned consumers about the high costs associated with Tak-23 unit-linked life insurance products (entry fees for certain products can be as high as 8%).¹ Test Aankoop has also warned² consumers against taking out hybrid Tak-44 insurance products (mixing capital guarantees and a unit-linked component) due to the very high costs associated with these products.</p> <p>A study³ by our member Stiftung Warentest evaluated 33 unit-linked life insurance contracts sold in Germany. Stiftung Warentest found that the costs associated with unit-linked life insurance contracts are generally very high, significantly reducing potential returns for investors. On the basis of their study, Stiftung Warentest could only recommend 3 of the 33 unit-linked products to potential consumers. A further study⁴ by Stiftung Warentest evaluated the performance of life insurance contracts sold to German consumers and found a large gap between the services that insurers had promised their consumers when the contract was signed, and the actual service that was delivered when the contract expired.</p>	<p>Agreed. Thank you for the input.</p>

		<p>Our French member UFC Que Choisir warned⁵ consumers about the high complexity and high costs associated with unit-linked life insurance products.⁶ UFC Que Choisir has cautioned⁷ consumers to beware about the high costs associated with certain life insurance contracts, with entry fees as high as 5% (UFC Que Choisir advises consumers to consider negotiating discounts with life insurance providers).</p> <p>In addition, BEUC shares EIOPA's concerns regarding the complexity of unit-linked life insurance products. Unit-linked life insurance products often have complex product features (including many investment options in the case of multi-option products, or variable profit components or bonuses that may not be straightforward for most consumers to understand). In addition, many unit-linked products have complex cost structures, including several layers of fees that can be difficult for consumers to understand.</p>	
ANIA	Q17	<p>The current market environment is characterised by ultra-low interest rates, high volatility, soaring regulatory requirements and increasing longevity. This has required insurers to adapt products' features to meet consumers' expectations in terms of higher returns while managing their exposure to risks</p> <p>Still, traditional (non-linked) business constitutes a big portion of new business in many markets. As reported in EIOPA Consumer Trends Report (CTR) 2021 (Fig. 1, p. 10), in terms of new contracts, insurance with profit participation products were more sold than unit-linked products in 15 EU countries in 2020. As to the year-to-year premium growth for unit-linked products showed in the Annexes of the consultation, under the Solvency II reporting, the premiums of hybrid products are split between the unit-linked and the profit participation lines of business. This means that both the unit-linked premiums and the with profit participation premiums are partially driven by the sale of hybrid products. For example, in Italy, 42% of unit-linked premiums collected in 2020 came from multi-class products with a guaranteed component (ANIA Italian Insurance 2020-2021, p. 70).</p> <p>Hybrid products are designed to combine potentially higher returns through a more</p>	<p>Partially agreed. It is not EIOPA's intention to limit the ability to design and distribute products with sophisticated architecture and competitive features, however the potential complexity of these products may mean that consumers do not fully understand the risks, costs and potential returns of the policy. Furthermore, some forms of sophistication can give consumers an excessive expectation of security even when the underlying mechanism and the financial guarantees are limited and tied to market events. Therefore, according to EIOPA, the product design process should reflect this.</p>

	<p>or less diversified unit-linked component, with a certain degree of stability in terms of guarantees, with the with-profit component. Different constructions are possible, such as static hybrids, which offer a fixed split between the guaranteed and non-guaranteed components, and dynamic hybrids, where the proportion invested in each component can vary over time. In particular, dynamic hybrids can foresee a higher investment in the unit-linked component at the inception of the contract, and gradually switch the investment towards the guaranteed part over the years, to adapt to the client's changing needs and risk aversion. This means that the weight of the unit-linked component for the premiums collected in 2017-2021 could be partially reduced in the coming years due to the life-cycle mechanism of some hybrid products, or changes in the investment strategy required by the client if the hybrid product offers switch options. From a customer perspective, this makes a huge difference, as the functioning of hybrid products is pretty easy to understand, and the client benefits from capital protection mechanisms that are defined in the contract.</p> <p>At the same time, insurers' offering is constantly adapting to the market conditions, the regulatory framework and consumers' needs. Insurers' ability to offer traditional products with guarantees might increase again in the coming years, for example if certain flaws in the Solvency II capital requirements are fixed or the prolonged ultra-low interest rates environment finally improves.</p> <p>Any limitation on the possibility to design and distribute products with well-defined architecture and competitive features would significantly restrict insurers' ability to respond to their customers' demands and needs. This would be against the CMU goals of enabling consumers to invest in financial products that are most suited to their investment and risk preferences, benefiting from an efficient and competitive market and addressing their long-term financial needs.</p> <p>Focusing on the structure of the product to define its level of complexity is not the right approach. If the product's architecture helps protecting consumers against risks – for example through biometric risk covers, financial guarantees, other risk mitigation techniques and contractually agreed benefits at the end of the contract</p>	
--	---	--

		<p>offered by IBIP - then this definition is in the interest of consumers and does not increase complexity. A PEPP or a guaranteed product, for example, are regarded as simple although they could apply sophisticated risk-mitigation techniques.</p> <p>A distinction should be made between the product back-end engineering, the level of investment risks and consumers' understanding of front-end disclosures. While the back-end engineering can be difficult to understand for the average customer, it can make the product less risky; what is more important for consumers is to understand the front-end disclosures they receive about the level of risk of the product. To ensure fairness, a product with numerous underlying options should not be classified as complex simply by virtue of the number of options, in particular where the options themselves are classified as non-complex.</p>	
ACA	Q17		
Institut des actuaires (France)	Q17	<p>With regard to complexity, we believe that EIOPA's approach of distinguishing the complexity of a product according to its nature and origin is fruitful. It highlights the current confusion which too often leads to a product being described as complex under the comprehension alert.</p> <p>The distinction within the grid of § 171 between the complexity "of the underlying features and operating of the product" and the complexity "in the understanding of the product from the perspective of an average customer" seems to us to be very accurate and useful for a good treatment of complexity in the framework of the POG. Indeed, the internal mechanics of the product do not in themselves result in complexity for the customer, the only dimension of complexity to be retained should be that of the understanding for the customer.</p> <p>Within the grid the presence of complexity "due to market or counterparty risk" seems on the contrary unclear to us. Risk does not necessarily bring complexity. A stock is one of the simplest financial products available. It is, however, a risky one. Admittedly, taking this risk into account may require a greater effort of understanding on the part of the investor, but this seems to us covered by the notion of complexity "in the understanding of the product from the perspective of an average customer"</p>	<p>EIOPA agrees that the market / counterparty risk is not directly correlated to the complexity of a product, however for a financially riskier product it is even more important that the potential customer fully understands all the risks and characteristics to make an informed choice.</p> <p>EIOPA also agrees on the difficulties in reaching a clear and operational definition for cost efficiency; hence, while the final advice follows a principles based nature whereby these aspects should be defined in the POG process.</p>

		<p>which figures in the same grid.</p> <p>With regard to cost efficiency, we do not identify a definition or a conceptual framework in the document. It is therefore difficult to answer the question. We agree with the idea of distinguishing between the complexity and the cost-efficiency of the product.</p> <p>It can also be noted that the two notions are not independent of each other in two respects:</p> <ul style="list-style-type: none"> • on the one hand, a complex pricing system that is difficult for the investor to understand generally favours insufficient cost efficiency; • on the other hand, the link between the complexity of the underlying features of a product and its cost efficiency does not seem to us to be generally established. For example, guaranteed products with participation features appear to be cheap even though their internal functioning is complex (see the Cost & Performance report). Structured unit-linked products are also complex in terms of internal operation and understanding for the client, but are often quite expensive because of the hedging techniques used. 	
Spanish Banking Association	Q17		
Bundesarbeitsgemeinschaft zur Förderung der Versicherungsmakler (BFV)	Q17		
Insurance Europe	Q17	<p>The current market environment is characterised by ultra-low interest rates, high volatility, soaring regulatory requirements and increasing longevity. This has required insurers to adapt their product features to meet consumers' expectations in terms of higher returns while managing their exposure to risks, including an ever-increasing compliance risk. Consequently, it is key to ensure that there is not a trade-off between policy holder protection and financial stability. A legally rooted balance between Conduct of Business regulation and Prudential Regulation is absolutely</p>	<p>It is not EIOPA's intention to limit the ability to design and distribute products with sophisticated architecture and competitive features, however, the potential complexity of these products may mean that consumers do not fully understand</p>

	<p>necessary for maintaining healthy insurance companies and healthy markets. Hence both perspectives need to be taken into account when designing the RIS.</p> <p>Still, traditional (non-linked) business constitutes a big portion of new business in many markets. As reported in EIOPA Consumer Trends Report 2021 (Fig1p10), in terms of new contracts, insurance with profit participation products were more sold than unit-linked products in 15 EU countries in 2020. As to the year-to-year premium growth for unit-linked products showed in the consultation annexes, under the Solvency II reporting, the premiums of hybrid products are split between the unit-linked and the profit participation lines of business. This means that both the unit-linked premiums and the with profit participation premiums are partially driven by the sale of hybrid products. E.g. in Italy, 42% of unit-linked premiums collected in 2020 came from multi-class products with a guaranteed component (ANIA Italian Insurance 2020-2021p70).</p> <p>Hybrid products are designed to combine potentially higher returns through a more or less diversified unit-linked component, with a certain degree of stability in terms of guarantees. Different constructions are possible, such as static hybrids, which offer a fixed split between the guaranteed and non-guaranteed components, and dynamic hybrids, where the proportion invested in each component can vary over time. In particular, dynamic hybrids can foresee a higher investment in the unit-linked component at the inception of the contract, and gradually switch the investment towards the guaranteed part over the years, to adapt to the client's changing needs and risk aversion. This means that the weight of the unit-linked component for the premiums collected in 2017-2021 could be partially reduced in the coming years due to the life-cycle mechanism of some hybrid products, or changes in the investment strategy required by the client if the hybrid product offers switch options. From a customer perspective, this makes a huge difference, as the functioning of hybrid products is pretty easy to understand, and the client benefits from capital protection mechanisms that are defined in the contract.</p> <p>At the same time, insurers' offering is constantly adapting to the market conditions,</p>	<p>the risks, costs and potential returns of the policy. Furthermore, some forms of sophistication can give consumers an excessive expectation of security even when the underlying mechanism and the financial guarantees are limited and tied to market events. Therefore, according to EIOPA, the product design process should be proportional to the complexity of the products offered.</p>
--	--	---

		<p>the regulatory framework and consumers’ needs. Insurers’ ability to offer traditional products with guarantees might increase again in the coming years, for example if certain flaws in the Solvency II capital requirements are fixed or the prolonged ultra-low interest rates environment finally improves.</p> <p>Any limitation on the possibility to design and distribute products with sophisticated architecture and competitive features would significantly restrict insurers’ ability to respond to their customers’ demands and needs, notably in terms of protection against certain risks (e.g. longevity risk). This would be against the CMU goals of enabling consumers to invest in financial products that are most suited to their investment and risk preferences, benefiting from an efficient and competitive market and addressing their long-term financial needs.</p> <p>In the current climate, focusing on the structure of the product to define its level of complexity is not the right approach. If the product’s architecture helps protecting consumers against risks – for example through biometric risk covers, financial guarantees, other risk mitigation techniques and contractually agreed benefits at the end of the contract offered by IBIP - then this sophistication is in the interest of consumers and does not increase complexity. A PEPP or a guaranteed product, for example, are regarded as simple although they could apply sophisticated risk-mitigation techniques.</p> <p>A distinction should be made between the product back-end engineering, the level of investment risks and consumers’ understanding of front-end disclosures. While the back-end engineering can be difficult to understand for the average customer, it can make the product less risky; what is more important for consumers is to understand the front-end disclosures they receive about the level of risk of the product. To ensure fairness, a product with numerous underlying options should not be classified as complex simply by virtue of the number of options, in particular where the options themselves are classified as non-complex.</p>	
VOTUM Verband	Q17	Für die Komplexität von Versicherungsanlageprodukten gibt es viele Gründe. Einige liegen auch daran, dass es anspruchsvoller geworden ist, in dem Niedrigzinsumfeld	While regulatory requirements might increase efforts for the market actors,

		<p>sowohl angemessene Renditen zu erzielen als auch gleichzeitig Garantien gegenüber den Kunden anbieten zu können, die dies wünschen.</p> <p>Komplexität entsteht aber auch durch stetig gewachsene regulatorische Anforderungen. So hat bspw. der berechtigte Wunsch, Nachhaltigkeitsziele bei der Kapitalanlage zu berücksichtigen, zu einer erneuten Steigerung der Komplexität der Produktentwicklung geführt.</p> <p>Auch die regulatorischen Vorgaben für das PEPP haben nicht zu einem Abbau von Produktkomplexität geführt.</p> <p>Handlungsoptionen, die danach streben, durch weitere ergänzende regulatorische Vorgaben sei es auf Stufe 3, 2 oder 1 Komplexität zu reduzieren, sehen wir daher als ungeeignet. Es besteht die Gefahr, dass durch solche vermeintlich gut gemeinten Eingriffe eine weitere Steigerung der Komplexität der Produktentwicklung verursacht wird.</p> <p>Auch Maßnahmen, die den Aufsichtsbehörden weitere Lenkungs- und Eingriffsbefugnisse zusprechen wollen, lehnen wir ausdrücklich ab. Die Aufsichtsorgane können nicht die Rolle der Produktentwickler einnehmen. Staatliche Lenkung führt nicht zu einem besseren Produktangebot. Dies hat die Geschichte in allen Wirtschaftsbereichen gezeigt und dies gilt auch weiterhin für die Versicherungsbranche. Die Aufsichtsbehörden sollen sich daher auf ihre Aufgabe der Solvabilitäts- und Missbrauchsaufsicht beschränken und nicht durch eine falsch verstandenen Aufsichtsansatz in die marktwirtschaftliche Produktgestaltung der Anbieter eingreifen.</p>	<p>this should not lead to more complex products.</p> <p>Supervision on market conduct aims at protecting consumers. It is not EIOPA's intention to give supervisor a role in the product development process but to ensure that insurance manufacturers take customers' interests sufficiently into account.</p>
Austrian Federal Economic Chamber, Division Bank and Insurance	Q17	<p>The current market environment is characterised by ultra-low interest rates, high volatility, soaring regulatory requirements and increasing longevity. This has required insurers to adapt products' features to meet consumers' expectations in terms of higher returns while managing their exposure to risks, including an ever-increasing compliance risk. Consequently, it is key to ensure that there is not a trade-off between policy holder protection and financial stability. A legally rooted balance</p>	<p>It is not EIOPA's intention to limit the ability to design and distribute products with sophisticated architecture and competitive features, however, the potential complexity of these products may mean that</p>

	<p data-bbox="577 320 1585 419">between Conduct of Business regulation and Prudential Regulation is absolutely necessary for maintaining healthy insurance companies and healthy markets. Hence both perspectives need to be taken into account when designing the RIS.</p> <p data-bbox="577 464 1608 850">Still, traditional (non-linked) business constitutes a big portion of new business in many markets. As reported in EIOPA CTR 2021 (Fig. 1, p. 10), in terms of new contracts, insurance with profit participation products were more sold than unit-linked products in 15 EU countries in 2020. As to the year-to-year premium growth for unit-linked products showed in the Annexes of the consultation, under the Solvency II reporting, the premiums of hybrid products are split between the unit-linked and the profit participation lines of business. This means that both the unit-linked premiums and the with profit participation premiums are partially driven by the sale of hybrid products. For example, in Italy, 42% of unit-linked premiums collected in 2020 came from multi-class products with a guaranteed component (ANIA Italian Insurance 2020-2021, p. 70).</p> <p data-bbox="577 895 1608 1425">Hybrid products are designed to combine potentially higher returns through a more or less diversified unit-linked component, with a certain degree of stability in terms of guarantees. Different constructions are possible, such as static hybrids, which offer a fixed split between the guaranteed and non-guaranteed components, and dynamic hybrids, where the proportion invested in each component can vary over time. In particular, dynamic hybrids can foresee a higher investment in the unit-linked component at the inception of the contract, and gradually switch the investment towards the guaranteed part over the years, to adapt to the client's changing needs and risk aversion. This means that the weight of the unit-linked component for the premiums collected in 2017-2021 could be partially reduced in the coming years due to the life-cycle mechanism of some hybrid products, or changes in the investment strategy required by the client if the hybrid product offers switch options. From a customer perspective, this makes a huge difference, as the functioning of hybrid products is pretty easy to understand, and the client benefits from capital protection mechanisms that are defined in the contract.</p>	<p data-bbox="1637 320 2085 742">consumers do not fully understand the risks, costs and potential returns of the policy. Furthermore, some forms of sophistication can give consumers an excessive expectation of security even when the underlying mechanism and the financial guarantees are limited and tied to market events. Therefore, according to EIOPA, the product design process should be proportional to the complexity of the products offered.</p>
--	--	---

	<p data-bbox="577 320 1592 491">At the same time, insurers' offering is constantly adapting to the market conditions, the regulatory framework and consumers' needs. Insurers' ability to offer traditional products with guarantees might increase again in the coming years, for example if certain flaws in the Solvency II capital requirements are fixed or the prolonged ultra-low interest rates environment finally improves.</p> <p data-bbox="577 536 1599 778">Any limitation on the possibility to design and distribute products with sophisticated architecture and competitive features would significantly restrict insurers' ability to respond to their customers' demands and needs, notably in terms of protection against certain risks (e.g. longevity risk). This would be against the CMU goals of enabling consumers to invest in financial products that are most suited to their investment and risk preferences, benefiting from an efficient and competitive market and addressing their long-term financial needs.</p> <p data-bbox="577 823 1592 1098">In the current climate, focusing on the structure of the product to define its level of complexity is not the right approach. If the product's architecture helps protecting consumers against risks – for example through biometric risk covers, financial guarantees, other risk mitigation techniques and contractually agreed benefits at the end of the contract offered by IBIP - then this sophistication is in the interest of consumers and does not increase complexity. A PEPP or a guaranteed product, for example, are regarded as simple although they could apply sophisticated risk-mitigation techniques.</p> <p data-bbox="577 1142 1608 1425">A distinction should be made between the product back-end engineering, the level of investment risks and consumers' understanding of front-end disclosures. While the back-end engineering can be difficult to understand for the average customer, it can make the product less risky; what is more important for consumers is to understand the front-end disclosures they receive about the level of risk of the product. To ensure fairness, a product with numerous underlying options should not be classified as complex simply by virtue of the number of options, in particular where the options themselves are classified as non-complex</p>	
--	--	--

<p>EIOPA IRSG</p>	<p>Q17</p>	<p>A difference should be made between complexity at the front-end disclosure and the back-end engineering of an insurance product. While the back-end (e.g. risk-mitigation techniques) is typically difficult to understand for the average consumer, front-end disclosures are essential and must not be too complex for consumers to understand. Although it is a topic not addressed specifically in the Commission’s Call for Advice, more can clearly be done to enhance the level of financial education of consumers.</p> <p>Due to extremely low interest rates, highly volatile financial markets, soaring regulatory requirements and increasing longevity, reaching the financial targets of customers while generating sustainable long-term growth is becoming increasingly challenging. This required the adapting of products’ architecture, in order to manage policyholders' exposure to risks, while meeting consumers’ expectations in terms of higher returns.</p> <p>Some IRSG members believe that in this light, focusing the attention on the structure of the product to define its level of complexity is not the right approach. If the product’s architecture brings additional protection elements – for example in terms of biometric risk covers and capital protection – this does not increase the risk for consumers. On the contrary, it helps consumers mitigate and manage risks. What is essential is to ensure that consumers understand if the product offers or not biometric risk covers, financial guarantees, other capital protection mechanisms or insurance benefits.</p> <p>These members believe that overall, the IDD and POG requirements already ensure high levels of consumer protection. What can be improved is the quality and quantity of the information contained in the PRIIPs KID. The KID must prominently display at the top and/or in the first layer whether financial guarantees, biometric risk covers and other capital protection mechanisms are offered or not. Sufficient space should be allowed to explain such features. This can be easily achieved through a re-organisation of the sections, and simplifying other contents that are redundant.</p>	<p>EIOPA agrees to differentiate between complexity at the front-end disclosure and the back-end engineering of an insurance product.</p> <p>EIOPA is also of the that there is room for improving PRIIPs KID disclosure and to promote financially literacy. However when product are extremely complex, financial literacy and transparency cannot be enough to ensure correct understanding from the average consumer.</p> <p>EIOPA also agrees that when the product’s architecture brings additional protection element this does not increase the risk for consumers. However it can also lead to excessive reliance and safety in product guarantees even when these may be conditioned or limited by some factors.</p> <p>EIOPA also agrees that complexity and risk are different concepts, however for a financially riskier product it is even more important that the potential customer fully understands all the risks and characteristics to make an informed choice.</p>
-------------------	------------	---	--

		<p>Other IRSG members believe that the IDD and POG requirements have not yet been enough to ensure a sufficiently high level of consumer protection. There is an issue here over the use of the concepts of complexity and risk, which should not be mixed. There is already a definition in MiFID that most IBIPs would fit into. A further mitigating factor would be to ensure a default basic product offer that is safe and suitable for all consumers. The EIOPA legal mandate to promote simplicity should be eventually implemented.</p>	
<p>BIPAR</p>	<p>Q17</p>	<p>In principle, mass products should be simple to understand or at least their key features and rights and obligations should be clear. KID, POG rules are key in this respect. The positive impact of the POG should be tested, but it is possibly too early to measure its positive impact to its full extent.</p> <p>Regarding value / cost, every step of the product and distribution should be cost-effective, that is why insurers work with insurance intermediaries, the latter having the advantage of keeping focus on the consumer and other clients, building processes which enables lower (and variable) cost distribution of IBIPs. Having a wide range of quality products, well-documented, available in the market is key.</p> <p>Training requirements are already well-regulated in the IDD.</p> <p>Regarding knowledge/experience of consumers, there are perhaps products that are (unnecessarily) too complex to be offered to retail investors (depending obviously on the level of knowledge of the retail investor) without assistance from intermediaries. But then the POG requirements should ensure that this is reflected in the product disclosure, or the supervisor should intervene. We wonder if the KID is leaving enough “flexibility” to describe specific “risk” or “protection” features of individual products.</p> <p>On this issue, BIPAR can agree with EIOPA draft technical advice and in particular the first 4 bullet points as these remedy the issue at the level where it should be remedied: at the product manufacturing and product disclosure level under POG. The current IDD POG rules allow for this.</p>	<p>While complexity is covered under POG, further targeted clarifications are needed.</p> <p>EIOPA does not intend to reduce the range of the market offer, but complexity should be taken into account in the level of supervisory requirements.</p> <p>EIOPA acknowledges your objection to introducing a cost cap, pros and cons are of these measures are duly reflected in the advice.</p>

		<p>The lack of financial education does not mean that the consumer has a lack of critical sense, but they may underestimate their future needs (see also EIOPA paper on pension tracking). Intermediaries help to create awareness in this respect.</p> <p>Regarding caps, and as explained in the consultation paper, a cap on products' costs would be counterproductive and would have the effect of limiting the offers available to intermediaries to provide a suitable product to the client.</p>	
Assuralia	Q17	<p>In Belgium, we are already using a moratorium on the distribution of particularly complex structured products, putting in place by our national supervisor, the FSMA to avoid the sales of overly complex products to retail investors, which works very well.</p> <p>This moratorium and its goal fits clearly with the goal and definition of complexity under recital 18, apart from the first part. Assuralia would be in favour of using this definition of complexity that would read as follows:</p> <p>“ A product should be regarded as not being simple and as being difficult to understand in particular if it uses a number of different mechanisms to calculate the final return of the investment, creating a greater risk of misunderstanding on the part of the retail investor or if the investment's pay-off takes advantage of retail investor's behavioural biases, such as a teaser rate followed by a much higher floating conditional rate, or an iterative formula.”</p> <p>However, Assuralia is of the opinion that focusing the attention on the structure of the product to define its level of complexity is not the right approach. If the product's architecture helps protecting consumers against risks – for example through biometric risk covers, financial guarantees, other risk mitigation techniques and contractually agreed benefits at the end of the contract offered by IBIPs - then this sophistication is in the interest of consumers and does not increase complexity. Besides, we also wanted to stress that “not common” investments are not de facto to be considered as complex. These investments could just be less available to retail customers. By</p>	<p>EIOPA takes note of the proposed definition of complex products.</p> <p>EIOPA does not assess negatively IBIPs features which add value to consumers, however EIOPA's concern is that in some case the policyholder can rely too much on coverage and guarantees which in reality have limits and exclusions that are not easy to understand.</p> <p>As regards the "scale of complexity", the POG process must be proportional to the level of complexity of the product.</p>

		<p>including them in an IBIP, retail customers get the opportunity to have access to these investments to which they might otherwise be excluded.</p> <p>Concerning the “complexity scale” adding different rules for every shade of complexity in every part of the consumer journey and life cycle of the product, we fear the burdensomeness of such a procedure, which could lead to very complex regulation with very unclear boundaries for manufacturers and intermediaries. This would not guarantee a simplification of the sales process, nor a cheaper one.</p> <p>Plus, product design and testing as per POG rules, professional advice, distributors’ continuous training, the suitability test, appropriate pre-contractual disclosures and product monitoring already ensure a high level of consumer protection through the whole product life cycle. They provide supervisory authorities with a solid basis to monitor the market and swiftly and efficiently address any grievances even in a fast-evolving market environment.</p>	
Italian Banking Association	Q17	<p>The below comments on complex products are focused on the distribution side and, therefore, on insurance intermediaries.</p> <p>As above stated, the Italian regulatory framework defined in 2020 in order to implement the IDD envisages the obligation to provide investment advice for the distribution of complex IBIPs and includes investment advice of IBIPs within the scope of MiFID II investment advice in those instances where investment firms operate as insurance intermediaries.</p> <p>In doing so Italian legislators and regulators have pursued the objective:</p> <ul style="list-style-type: none"> • to ensure coordination and alignment among the IDD and the MiFID II rules when transposed into the Italian legal framework with a view to establishing a set of rules as much homogenous as possible, with particular reference to the distribution of IBIPs 	Thanks. EIOPA acknowledges your feedback.

	<p>and regardless the distribution channel used;</p> <ul style="list-style-type: none"> • to ensure that the level of protection to be afforded to investors in IBIPs regulated by the IDD is as much identical as possible to the one already afforded to the investors in financial instruments regulated by the MiFID II. <p>This approach produced, inter alia, the following important results:</p> <ul style="list-style-type: none"> • on one hand the implementing measures regarding product governance outlined the need for a double level of definition of the target market, first by the product manufacturer and secondly by insurance intermediary as well as envisaged by MiFID II provisions. This allows for a more effective and coordinated product governance processes with those ones related to the suitability assessment; • taking into account that under the IDD and Commission Delegated Regulation 2017/2359 the provisions concerning the assessment of suitability are almost identical to the corresponding provisions under MiFID II and its specific Delegated Regulation, Italian investment firms operating as insurance intermediaries apply ESMA Guidelines on certain aspects of suitability also with regard to IBIPs; • the collection of information from clients takes into account the level of complexity of financial instruments and IBIPs; • the suitability assessment is based on the consideration of the client's portfolio as a whole, being IBIPs considered as part of this portfolio. <p>Having said that, we have to point out that it is not feasible to adopt some points of the policy options proposed by EIOPA. We refer, in particular, to the proposal of:</p> <ul style="list-style-type: none"> • developing further Level 3 Guidance for simpler and low-risk products to have a 	
--	---	--

		<p>more proportional approach towards the supervision of requirements related to the distribution strategy and the related point which states that “Under this guidance manufacturers in their distribution strategy based on the complexity of products could identify different levels of details for the suitability assessment to be carried out”. In the Italian market the portfolio approach adopted by investment firms operating as insurance intermediaries for investment advice and suitability implies that these entities have in place procedures which applies for all financial instruments and IBIPs, which are ranked, inter alia, in different level of complexity. It is therefore not possible to integrate potential details on the suitability assessments coming from insurance undertakings;</p> <ul style="list-style-type: none"> • considering limitations or a ban on inducements to highly complex or highly risky products or consider alternative intervention measures such as a moratorium regarding the marketing of such products. We: <ul style="list-style-type: none"> - do not see any compelling reason for introducing these measures, which sound really extreme and risk having far-reaching consequences; - also have very serious doubts as to the concrete feasibility of the measure at issue especially in the lack of coordination with the MiFID II regulatory framework. 	
<p>AGEA (French association of general insurance agents)</p>	<p>Q17</p>	<p>The product’s complexity is not necessarily correlated with its financial performance.</p> <p>On caps on costs, as the consultation paper underlines, caps may be counterproductive as they may result in a limited range of adapted products for the client.</p> <p>In France, the savings pension plan (« PER » - Plan d’épargne retraite) only provides a cap on transfer fees (1%). This has allowed a successful launch of the product, as the Minister of Economy pointed out on February 2nd, 2022: “Two years after the launch of the product on September 30th, 2021, based on data made available by all the professional federations that are selling PERs, 4.3 million people are already benefiting from these news PERs thus exceeding the 2022 target of 3 million.</p>	<p>EIOPA agrees that complexity of the product is not necessarily related to its financial performance.</p> <p>EIOPA also acknowledges your views on cost caps.</p>

		Outstanding amounts on PERs have reached 48.5 billion, which is an increase of more than 50% since the beginning of 2021.”	
ANASF	Q17	We agree with EIOPA’s interpretation. As you have well described, it is difficult to create simple products; on the contrary, market needs have favoured the issuance of particularly complex products, especially for retail investors.	The proposal does not aim at eliminating complex products but rather at ensuring complexity is duly taken into account in the POG process.
Austrian Insurance Association (VVO)	Q17	<p>The current market environment is characterised by ultra-low interest rates, high volatility, soaring regulatory requirements and increasing longevity. This has required insurers to adapt products’ features to meet consumers’ expectations in terms of higher returns while managing their exposure to risks, including an ever-increasing compliance risk. Consequently, it is key to ensure that there is not a trade-off between policy holder protection and financial stability. A legally rooted balance between Conduct of Business regulation and Prudential Regulation is absolutely necessary for maintaining healthy insurance companies and healthy markets. Hence both perspectives need to be taken into account when designing the RIS.</p> <p>Still, traditional (non-linked) business constitutes a big portion of new business in many markets. As reported in EIOPA Consumer Trends Report (CTR) 2021 (Fig. 1, p. 10), in terms of new contracts, insurance with profit participation products were more sold than unit-linked products in 15 EU countries in 2020. As to the year-to-year premium growth for unit-linked products showed in the Annexes of the consultation, under the Solvency II reporting, the premiums of hybrid products are split between the unit-linked and the profit participation lines of business. This means that both the unit-linked premiums and the with profit participation premiums are partially driven by the sale of hybrid products.</p> <p>Hybrid products are designed to combine potentially higher returns through a more or less diversified unit-linked component, with a certain degree of stability in terms of guarantees. Different constructions are possible, such as static hybrids, which offer a fixed split between the guaranteed and non-guaranteed components, and dynamic hybrids, where the proportion invested in each component can vary over time. In</p>	It is not EIOPA's intention to limit the ability to design and distribute products with sophisticated architecture and competitive features, the potential complexity of these products may mean that consumers do not fully understand the risks, costs and potential returns of the policy. Furthermore, some forms of sophistication can give clients an excessive expectation of security even when the underlying mechanism and the financial guarantees are limited and tied to market events. Therefore, according to EIOPA, the regulatory requirements should be proportional to the complexity of the products offered.

	<p>particular, dynamic hybrids can foresee a higher investment in the unit-linked component at the inception of the contract, and gradually switch the investment towards the guaranteed part over the years, to adapt to the client's changing needs and risk aversion. This means that the weight of the unit-linked component for the premiums collected in 2017-2021 could be partially reduced in the coming years due to the life-cycle mechanism of some hybrid products, or changes in the investment strategy required by the client if the hybrid product offers switch options. From a customer perspective, this makes a huge difference, as the functioning of hybrid products is pretty easy to understand, and the client benefits from capital protection mechanisms that are defined in the contract.</p> <p>At the same time, insurers' offering is constantly adapting to the market conditions, the regulatory framework and consumers' needs. Insurers' ability to offer traditional products with guarantees might increase again in the coming years, for example if certain flaws in the Solvency II capital requirements are fixed or the prolonged ultra-low interest rates environment finally improves.</p> <p>Any limitation on the possibility to design and distribute products with sophisticated architecture and competitive features would significantly restrict insurers' ability to respond to their customers' demands and needs, notably in terms of protection against certain risks (e.g. longevity risk). This would be against the CMU goals of enabling consumers to invest in financial products that are most suited to their investment and risk preferences, benefiting from an efficient and competitive market and addressing their long-term financial needs.</p> <p>In the current climate, focusing on the structure of the product to define its level of complexity is not the right approach. If the product's architecture helps protecting consumers against risks – for example through biometric risk covers, financial guarantees, other risk mitigation techniques and contractually agreed benefits at the end of the contract offered by IBIP - then this sophistication is in the interest of consumers and does not increase complexity. A PEPP or a guaranteed product, for example, are regarded as simple although they could apply sophisticated risk-</p>	
--	---	--

		<p>mitigation techniques.</p> <p>A distinction should be made between the product back-end engineering, the level of investment risks and consumers' understanding of front-end disclosures. While the back-end engineering can be difficult to understand for the average customer, it can make the product less risky; what is more important for consumers is to understand the front-end disclosures they receive about the level of risk of the product. To ensure fairness, a product with numerous underlying options should not be classified as complex simply by virtue of the number of options, in particular where the options themselves are classified as non-complex.</p>	
<p>Bund der Versicherten (BdV - German Association of Insured)</p>	<p>Q17</p>	<p>Yes, we agree with EIOPA's analysis of product complexity and cost-efficiency as outlined in no. 164, 166 and 168 of CP (p. 70/71). From our perspective there are three main dimension of complexity of IBIPs:</p> <ul style="list-style-type: none"> • opaque combination of biometric risk coverage and capital markets based investments. MOPs increase the complexity of the "insurance wrapper" even more. • opaque structures of various cost categories (distribution, administration and biometric costs). • opaque with profit mechanisms (no, partial or full guarantees depending on the terms and conditions of the contract). <p>Additionally we stress the importance of EIOPA's assessments related to product complexity pointed out in no. 187-190 of CP (p. 77-79), which are particularly relevant from the consumer's perspective. This is all the more crucial under the conditions of the ongoing low interest rate phase and of additionally accelerated inflation, under which the "search for yield" can only be realized by much more risky investments (cf. EIOPA's recent Consumer Trends Report; cf. no. 186 of CP, p. 77). But as pointed out above, "product complexity" must not be limited to the "criteria originating from the securities market" (cf. our comment on Q 15).</p>	<p>Many thanks for the input.</p>

<p>Fédération Bancaire Française</p>	<p>Q17</p>	<p>FBF does not share the opinion of EIOPA that IBIPS would be per se more complex than other retail investments (see paragraph 166).</p> <p>Indeed, in France, unit-linked life insurance contracts are mass-products and are rather considered as simple products whose characteristics and advantages are well known by retail investors.</p> <p>However, certain units/funds and/or guarantees offered in multi-options contracts may be complex (or non-complex).</p> <p>Complexity is also a relative and evolving notion (a few years ago, a fund indexed on the CAC 40 index was considered as complex, but it is no longer the case). Most structured funds and feeder/master funds are complex to design or arrange but can be easily grasped by investors.</p> <p>FBF is of the opinion that it is useless and confusing to create a new “complex product” definition.</p> <p>Today, this qualification must be provided by producers on the basis of definitions which are common and well-understood. (Article 30 of IDD refers to MIFID for the definition of complex products and this consistency should be maintained).</p>	<p>Disagree. The current regulation on complexity is fragmentary and does not consider complexity as a possible scale.</p>
<p>Gesamtverband der Deutschen Versicherungswirtschaft e. V.</p>	<p>Q17</p>	<p>We welcome the effort EIOPA has put into examining the different aspects of complexity. The difficulty of the task reflects the fact, that the high-level discussion on non-complex/complex products often does not enter the details of practical implementation.</p> <p>In the legal texts, which currently refer to the complexity of products, the term is usually used as a point of entry for the proportionality principle and not as a criterion with one determinate meaning (e. g. Articles 20 (2) and (4), 30 (5) IDD; Articles 4 (1), 5 (1), 7 (2), 10 (1) and (6) of the Delegated Regulation on POG; Article 17 (1) of the Delegated Regulation on IBIPs). These provisions have, in our experience worked well in practice, giving both manufacturers and supervisors the flexibility needed to</p>	<p>EIOPA acknowledges your objection to any prohibition or restriction on the payment of incentives depending on the risk or complexity of a product.</p> <p>Complexity per se does not have a negative connotation and therefore replacing this term with "degree of sophistication" could be confusing.</p>

	<p>adequately deal with a multitude of very different products.</p> <p>The only provisions where the term “complex” has led to profound legal uncertainty is where it is employed to draw a clear line between two kinds of products (complex/non-complex – Article 30 (3) IDD; Article 16 of the Delegated Regulation on IBIPs; Article 1 subparagraph 2 (a) of the PRIIP RTS). Due to its multifaceted nature “complex” is not suited for exact delineation. We are, therefore, very concerned that the difficulties experienced with the comprehension alert, as correctly described by EIOPA (point 192 on p. 80 of the consultation paper), will persist, and be aggravated if more – and more severe – legal consequences are based on “complexity” as distinction. Particularly, as already mentioned under Question 12, we reject any ban or restriction for the payment of inducements depending on the risk or complexity of a product.</p> <p>Should the EU Commission still refer to complexity as a criterion for distinction between complex vs. non-complex products, we would suggest using a different terminology for complexity in proportional context to avoid difficulties of interpretation. An appropriate term would be in our view a “degree of sophistication”. By doing so, a negative connotation of the term “complexity” would be avoided. PEPP is a good example, of why this is necessary: Risk mitigation techniques are an integral part of a PEPP. The risk can be reduced, for example, by variably allocating the premiums and the already accumulated capital between the various investments. These can be the security assets within the insurer’s general fund or investments in (UCITS) funds. Such RMTs are also typically used in dynamic hybrid products. It is sophisticated but can be easily explained to consumers. By introducing a neutral notion of “degree of sophistication” it can be achieved that PEPP is not mistakenly regarded as more complex.</p> <p>Furthermore, as EIOPA correctly points out, it is very important that insurance-specific definitions are used instead of adaptations of definitions developed for e.g., structured deposits. The criteria should suit IBIPs currently sold in the market. We agree with EIOPA that the current criteria for execution-only distribution and the PRIIPs</p>	
--	--	--

		<p>comprehension alert are too wide and, therefore, not suitable.</p> <p>With regard to POG, conflicts of interest, and advice, existing regulation provides a sound basis for supervisory authorities to monitor the market and address any grievances swiftly and efficiently even in a changing market environment. In justified cases, it can furthermore be helpful, if supervisory authorities give abstract guidance at Level 3 on points that are unclear, for example regarding specific product features. Similar considerations apply to cost-efficiency. We agree that the cost of the product is an important aspect of the POG process, customer information and the suitability assessment. As part of POG, the manufacturer must ensure that the level and the mode of calculation of the product's costs comply with the needs and objectives of the target market. Cost transparency enables the customers to make an informed decision. The RIY is, in our view, the best indicator for this purpose since it allows a presentation of total costs in a short, uniform, comparable and comprehensible way. We believe that the work of the ESAs on consumer-friendly disclosures will improve consumers' perception of the key features of products. Rules on conflicts of interest and individual advice ensure that only the product is recommended which is most suitable for a particular customer. If properly applied, monitored and enforced, these principles serve their purpose efficiently and flexibly for products of all kinds. While refinements and clarifications of the existing rules could be considered in places, there is, in our view, no need for strong interventions such as cost caps.</p>	
ING Bank NV	Q17	Yes, we agree. We have no other observations or comments.	Thank you.
Bundesverband Deutscher Vermögensberater	Q17	Wir stimmen mit EIOPA überein, dass IBIP's komplexer sind als beispielsweise reine Investmentfonds oder Versicherungsanlageprodukte ohne Fondslösung. Als Ursachen für Komplexität aus Sicht des Kunden sehen wir folgende Gründe: a. Das Produkt und die Beratung sind überreguliert. Regulierung schafft Komplexität. b. Die meisten Verbraucher haben wenig Kenntnis über Altersvorsorge und Finanzen. Unkenntnis führt zu einer subjektiv wahrgenommenen Komplexität. Es ist Aufgabe des Beraters, hier Kunden aufzuklären. c. IBIP's sind wegen der Mischung von Versicherung (Risikoabsicherung) und Geldanlage in Fonds komplexer als reine Fondsprodukte oder Versicherungsanlageprodukte ohne Fondslösungen. d. Die Finanzmärkte sind dynamisch, und vor allem bei IBIP's mit Aktienanteil in der Fondsanlage entsteht	EIOPA disagrees that the complexity of IBIPs is attributable to their excessive regulation. Moreover, EIOPA disagrees that costs are not important for the customer because they have a high impact on the expected performance.

		<p>Komplexität während der Vertragslaufzeit durch den Einfluss sich verändernder Finanzmärkte (Volatilität) auf die Wertentwicklung der Produkte. Diese Ursachen für Komplexität kommen bei der Produktentwicklung, bei der Dokumentation, bei der Beratung zum Abschluss und bei der Beratung während der Vertragslaufzeit zum Tragen.</p> <p>Wir stimmen nicht mit EIOPA überein, dass die Kostenstrukturen von IBIP's für den Kunden hohe Relevanz haben. Das Interesse der Kunden richtet sich fast ausschließlich auf die Chancen und Risiken der Fondsanlage, auf die abgesicherten Risiken und auf die erzielbare Rente bzw. den erzielbaren Wert bei Ablauf.</p>	
Actuarial Association of Europe	Q17	<p>EIOPA proposes to distinguish between different sources of complexity, which we think is relevant. We also recognise that the current definitions of complexity do not work well.</p> <p>However, according to the grid in the consultation document, the issue of complexity due to market or counterparty risk seems unclear to us or seems to overlap with the complexity related to the policyholder's difficulty of understanding.</p> <p>Wouldn't it be more appropriate to keep only the distinction between “complexity of the underlying features and operating of the product” and “complexity in the understanding of the product from the perspective of an average customer”? Indeed, the riskiness of the product is independent of its complexity but rather addresses issues of financial literacy and the ability to manage risky assets. The use of different labels might be considered here. In EIOPA's analysis the term complex is sometimes used in the sense of the legal definition in regard to the PRIIP comprehension alert and sometimes in a more general everyday language sense.</p> <p>With regard to cost efficiency, we do not identify a definition or framework of understanding in the document. It is therefore difficult to answer the question. In a similar way as for the concept of value for money, the concept of cost-efficiency is very attractive but raises obvious issues when it comes to achieving a clear and operating definition. For example, when putting costs in relation with the services</p>	Many thanks. EIOPA agrees with the comments made; hence the principles based approach proposed in its final advice.

		provided: those services are of many different natures and their value for the customer depends heavily on his demands and needs as well as on his situation at the inception of the policy or later in the course of the contract (advice, asset or portfolio management, options given, insurer's commitment for periods that may last for years...)	
Die Deutsche Kreditwirtschaft	Q17		
Allianz SE	Q17	<p>Allianz's interpretation of complexity tends to contrast with the one offered by EIOPA (§187 of the consultation paper) by underlining that complexity under the surface of the product should not be captured under this discussion. From a life insurance perspective, some features perceived as complex, like risk mitigation, actually might make products a better fit and simpler for many consumers.</p> <p>Furthermore, one cannot necessarily classify a product as inherently complex in and of itself. The complexity of a product would depend on, for example, the fit to the customer's needs (which may be complex or not), and the knowledge (including financial literacy) and experience of the customer. For further details on Allianz's views on complexity and relevant regulatory options, please see Q21.</p> <p>Allianz would also see merit in better understanding the effects on competition of the measures proposed to promote cost-efficiency before issuing an opinion on EIOPA's interpretation in this area. While complexity may be accompanied with higher costs, as noted by EIOPA, these may be justified by multiple benefits and features included in the product and take the term of the product into account.</p>	<p>Indeed EIOPA proposes to distinguish between complexity from a customer perspective in terms of understanding the operation, risk, costs and potential reward of the products and complexity as financial engineering underling the product that can also be justified as a risk mitigation technics or to improve the value for money of the product.</p> <p>Regarding the effects on competition of the measures proposed to promote cost-efficiency, EIOPA does not see particular issues as each manufacturer should take this into account and they are free to determine prices as long as they take into account cost-efficiency in the POG process.</p>
FECIF	Q17	There are many reasons for the complexity of insurance investment products. Some of them are due to the fact that it has become more demanding to achieve adequate returns in the low interest rate environment and at the same time to be able to offer guarantees to the customers who want them.	While regulatory requirements might increase efforts for the market actors, this should not lead to more complex products.

		<p>Complexity also arises from ever-increasing regulatory requirements. For example, the justified desire to take sustainability goals into account when investing has led to a renewed increase in the complexity of product development.</p> <p>The regulatory requirements for the PEPP have also not led to a reduction in product complexity.</p> <p>We therefore consider options for action that seek to reduce complexity through further supplementary regulatory requirements, whether at level 3, 2 or 1, to be unsuitable. There is a danger that such supposedly well-intentioned interventions will cause a further increase in the complexity of product development.</p> <p>We also expressly reject measures that seek to grant the supervisory authorities further steering and intervention powers. The supervisory bodies cannot take on the role of product developers. State guidance does not lead to a better product offering. History has shown this in all sectors of the economy and this remains true for the insurance industry. The supervisory authorities should therefore limit themselves to their task of solvency and abuse supervision and not interfere in the market-based product design sovereignty of the providers, through a misunderstood supervisory approach.</p>	<p>Supervision on market conduct aims at protect consumers. It is not EIOPA's proposal to give supervisors a product development role but to ensure that insurers develop good quality products for policyholders.</p>
Sparbanken Skåne AB (publ)	Q17	Yes	Thanks.
VOTUM Verband	Q17	<p>There are many reasons for the complexity of insurance investment products. Some of them are due to the fact that it has become more demanding to achieve adequate returns in the low interest rate environment and at the same time to be able to offer guarantees to the customers who want them.</p> <p>Complexity also arises from ever-increasing regulatory requirements. For example, the justified desire to take sustainability goals into account when investing has led to a renewed increase in the complexity of product development.</p> <p>The regulatory requirements for the PEPP have also not led to a reduction in product</p>	<p>While regulatory requirements might increase efforts for the market actors, this should not lead to more complex products.</p> <p>Supervision on market conduct aims at protect consumers. It is not EIOPA's proposal to give supervisors a product development role but to ensure that</p>

		<p>complexity.</p> <p>We therefore consider options for action that seek to reduce complexity through further supplementary regulatory requirements, whether at level 3, 2 or 1, to be unsuitable. There is a danger that such supposedly well-intentioned interventions will cause a further increase in the complexity of product development.</p> <p>We also expressly reject measures that seek to grant the supervisory authorities further steering and intervention powers. The supervisory bodies cannot take on the role of product developers. State guidance does not lead to a better product offer. History has shown this in all sectors of the economy and this remains true for the insurance industry. The supervisory authorities should therefore limit themselves to their task of solvency and abuse supervision and not interfere in the market-based product design sovereignty of the providers through a misunderstood supervisory approach.</p>	<p>insurers develop good quality products for policyholders.</p>
<p>Bundesverband Deutscher Versicherungskauflleute</p>	<p>Q17- Q21</p>	<p>EIOPA ist der Ansicht, dass es schwierig ist, Maßnahmen zur Förderung einfacher und kosteneffizienter IBIPs zu identifizieren, da es derzeit unterschiedliche regulatorische Rahmenbedingungen für die Produktkomplexität gibt. Dabei diskutiert EIOPA in seiner Konsultation verschiedene Optionen.</p> <p>Der BVK ist der Auffassung, dass es in dieser Hinsicht keine Änderungen in der IDD bedarf. Die Frage der Produktherstellung und Produktoffenlegung sind in den POG-Regeln ausreichend ausgestaltet. Die Vermittler wie auch die Anleger müssen sich auf das POG-Verfahren und die Produktangaben verlassen können. Die POG-Regeln geben den Aufsichtsbehörden alle Befugnisse, um erforderlichenfalls auf der Ebene der Produktherstellung einzugreifen.</p> <p>Wenn Produkte als ungeeignet für die Vermarktung auf einem bestimmten Zielmarkt angesehen werden, haben die Aufsichtsbehörden alle Instrumente, um auf dieser Ebene Korrekturen vorzunehmen, bevor das Produkt auf den Markt kommt.</p>	

		<p>Grundsätzlich sind wir der Auffassung, dass es eine Wahlmöglichkeit zwischen verschiedenen Produkttypen geben muss. Auch sind wir der Meinung, dass der Wettbewerb auf dem freien Markt funktioniert und es bereits eine große Anzahl verschiedener IBIPs-Produkte für Kleinanleger gibt. Eine Selbstregulierung des Marktes würden wir eher bevorzugen als eine Regulatorik von außen ohne eine genaue Datengrundlage hierüber vorweisen zu können.</p>	
<p>Question 18: Do you agree with EIOPA's assessment of the types of products and/or products features which could be considered simpler?</p>			
<p>Polish Chamber of Insurance</p>	<p>Q18</p>	<ul style="list-style-type: none"> • The horizontal regulatory approach pursued under the PRIIPs Regulation revealed its limits. Equally, IDD chapter VI that was developed taking into account criteria originating from the securities market, has not led to the desired outcome. Therefore, it makes sense to consider criteria that are easier to apply and implement for IBIPs features, and more appropriate in the light of the current market environment. • IBIPs features such as the long-term duration, agreed benefits at the end of the contract as well as fixed terms and conditions or the inclusion of a financial guarantee or insurance cover should not in any way be assessed negatively by EIOPA. On the contrary, these should be regarded as elements of non-complexity, requiring appropriate disclosures in the PRIIPs KID. • Any restriction on the IBIPs design and distribution that would indirectly favour the sales of pure investment funds would unavoidably become an unfair competition and unequal treatment. This would negatively affect the competitiveness of insurance companies, without any effect in terms of real consumer protection. On the contrary, less retail investors would receive advice on their insurance and risk-prevention needs, in combination with the assessment of their financial needs, which is the added value that the insurance industry can offer. Less product choice for consumers on the market and less possibilities for insurance distributors to advise consumers on their financial and insurance needs would in the end reduce the retail investments in the real economy, which is ultimately one of the key aims of the CMU, and increase 	<p>Partially agreed. EIOPA does not assess negatively the IBIPs features which add value for products, however in some case the policyholder can rely too much on coverage and guarantees which in reality have limits and exclusions that are not easy to understand.</p> <p>While important, in EIOPA's view KID improvements are not sufficient to promote simpler products for policyholders.</p>

		<p>the amount of savings stuck in bank accounts.</p> <ul style="list-style-type: none"> • In the light of Article 9 of the EIOPA Regulation, that mandates the Authority to take a leading role in promoting transparency, simplicity and fairness in the market for consumer financial products or services across the internal market, the insurance sector calls on the Authority to refrain from proposals that could create confusion and distortions, and focus instead on the supervision of the existing rules and meaningful improvements to the PRIIPs KID. 	
BETTER FINANCE	Q18	Yes, we agree with EIOPA's assessment. In addition, as mentioned by EIOPA, product complexity or simplicity is not dependent on the exposure to market risk, given that the guidelines on assessing complexity point, in fact, to the possibility of a consumer understanding the structure, cost, and risks of the product.	Agreed
Irish Life Assurance PLC	Q18	Customers have different needs and require flexibility and options to meet those needs as part of the financial planning process. The simpler option may not always be the best option for the customer (i.e. bank accounts carry with them the risk that capital will be eroded by inflation) and this should be reflected in future regulation.	Agreed
Unipol Gruppo S.p.A.	Q18		-
Dutch Association of Insurers	Q18		-
France Assureurs (Fédération Française de l'Assurance)	Q18	<p>A more nuanced "complexity scale" adding different rules for every shade of complexity in every part of the consumer journey and life cycle of the product would lead to very complex regulation with very unclear boundaries for manufacturers and intermediaries. This would not simplify the sales process. On the contrary it could increase the compliance costs that are ultimately passed to consumers and delay the time to market of any new product.</p> <p>Also, focusing the attention on the structure of the product to define its level of complexity is not the right approach. If the product's architecture helps protecting consumers against risks – for example through biometric risk covers, financial guarantees, other risk mitigation techniques and contractually agreed benefits at the end of the contract offered by IBIP - then this sophistication is in the interest of consumers and does not increase complexity. A PEPP or a guaranteed product, as</p>	<p>Partially agreed. EIOPA does not assess negatively the IBIPs features which add value for products, however in some case the policyholder can rely too much on coverage and guarantees which in reality have limits and exclusions that are not easy to understand.</p> <p>While important, in EIOAP's view KID improvements are not sufficient to</p>

	<p>euro fund, for example, are regarded as simple although they could apply sophisticated risk-mitigation techniques.</p> <p>Affirming that “the structure of IBIPs is per se more complex than some other retail investments” is too one-sided. From a consumer’s perspective, the engineering of most IBIPs adds additional layers of protection, rather than complexity. For example, a death cover and an annuity element are also part of the PEPP, which is generally perceived as an exemplary case of simple product.</p> <p>As to the link “more options-more complexity”, this could unduly bring to consider all MOPs as complex, even if MOPs can be constructed in different ways (with or without a partial guarantee, with an open architecture or pre-defined lines of investment, structured or linear options, a static or dynamic asset allocation, etc.) and at the end of the sales process the client might invest only in one of the investment options.</p> <p>With reference to the example of a product investing in linear funds, which would be risky but “not complex in itself”, any new provision should not promote products exposing consumers to greater financial risks for the only reason that they may have a less complex structure.</p> <p>The same consideration applies to any encouragement to compare products solely on the basis of cost, even though the COVID-19 crisis has clearly demonstrated the importance of consumers understanding what a product cover. Such a focus on costs would also create the risk of a “race to the bottom”, with providers focusing on lowering costs rather than improving the quality of their products or their ability to propose innovative offers in the future.</p> <p>Any restriction on the IBIPs design and distribution that would indirectly favour the sales of pure investment funds would unavoidably become an unfair competition and unequal treatment.</p> <p>Less retail investors would receive advice on their insurance and risk-prevention needs, in combination with the assessment of their financial needs, which is the</p>	<p>promote simpler products for policyholders.</p>
--	---	--

		<p>added value that the insurance industry can offer. This would in the end reduce the retail investments in the real economy, which is ultimately one of the key goals of the CMU, and increase the amount of savings stuck in bank accounts.</p> <p>With reference to the “counterparty risk of the product”, this concept is not fully clear for IBIPs, since insurers are subject to extensive capital requirements and have a strong Solvency position, which ensures their claims paying capacity. This represents another element that decreases the risk for the consumer.</p> <p>As to the “Level of complexity in the understanding of the product from the perspective of an average customer”, it should be the role of legislators to ensure that the PRIIPs KID delivers high quality information to consumers and to test consumers’ level of understanding when developing any change.</p> <p>In the light of Article 9 of the EU Regulation 1094/2010 establishing the EIOPA, that mandates EIOPA to take a leading role in promoting transparency, simplicity and fairness in the market, the insurance sector calls on the Authority to refrain from proposals that could create confusion and distortions, and focus instead on the supervision of the existing rules and meaningful improvements to the PRIIPs KID.</p>	
Länsförsäkringar	Q18		-
ASSORETI - Association of intermediaries which provide investment advice service through their network of qualified individual financial advisors.	Q18		-
Insurance Ireland	Q18	<p>We do not believe that there is a need for new labels. The current safeguards under IDD and PRIIPs are sufficient.</p> <p>As mentioned above, there is a danger in conflating the terms “simple” and “low risk”. Products which are riskier are not necessarily more complex. One of the key aspects</p>	Partially agreed. EIOPA agrees that riskiness and complexity are different dimensions. However, EIOPA is of the view that financial literacy and consulting are not sufficient to allow

		<p>here is again financial literacy and supporting the customer to make, with appropriate advice, good decisions. Products which are riskier are not necessarily more complex. Indeed, it can be argued that the behind the scenes mechanisms required to give capital guarantees or risk mitigation techniques are highly complex although this may not be fully visible to the investor. One of the key aspects here is again financial literacy and supporting the customer to make, with appropriate advice, good decisions. Moreover, the notion of simpler products hinges to the sophistication and experience of the investor. For example if the customer is an experienced investor who wants the ability to invest in a wider range of assets types, they should not be limited to plain more vanilla-type IBIP with a limited range of asset links. See further discussion around complexity in Q.17.</p>	<p>customers full awareness of the risks, costs and return expectations of more complex products.</p>
BEUC, The European Consumer Organisation	Q18	N/A	-
ANIA	Q18	<p>IBIPs features such as agreed benefits at the end of the contract as well as fixed terms and conditions or the inclusion of a financial guarantee or insurance cover should not in any way be assessed negatively by EIOPA. On the contrary, these should be regarded as elements of non-complexity, requiring appropriate disclosures in the PRIIPs KID.</p> <p>A more nuanced “complexity scale” adding different rules for every degree of complexity in every part of the consumer journey and life cycle of the product would lead to very complex regulation with very unclear boundaries for manufacturers and intermediaries. This would not simplify the sales process. On the contrary it could increase the compliance costs and delay the time to market of any new product.</p> <p>Also, focusing the attention on the structure of the product to define its level of complexity is not the right approach. If the product’s architecture helps protecting consumers against risks – for example through biometric risk covers, financial guarantees, other risk mitigation techniques and contractually agreed benefits at the end of the contract offered by IBIP - then this sophistication is in the interest of consumers and does not increase complexity. A PEPP or a guaranteed product, for example, are regarded as simple although they could apply sophisticated risk-</p>	<p>Partially agreed. According to EIOPA, PRIIP KIDs are not a sufficient tool to ensure that an average customer fully understands the features, risk, cost and potential return of more complex products. Regarding MOPs, EIOPA is of the view that they are not complex in themselves but, as the related financial risk is strictly dependent on the risk profile of the underlying funds, they could lead to false expectations on the risk-return of the product as a whole - this has been reflected in the final advice. This would increase in the case of dynamic asset allocation and structured options. However, EIOPA does not intend to limit the design and distribution of IBIPs, but to take into</p>

		<p>mitigation techniques.</p> <p>Affirming that “the structure of IBIPs is per se more complex than some other retail investments” is wrong because it is not always true. From a consumer’s perspective, the engineering of most IBIPs adds additional layers of protection, rather than complexity. For example, a death cover and an annuity element are also part of the PEPP, which is generally perceived as an exemplary case of simple product.</p> <p>As to the link “more options-more complexity”, this could unduly bring to consider all MOPs as complex, even if they have only non-complex options; MOPs can be constructed in different ways (with or without a partial guarantee, with an open architecture or pre-defined lines of investment, structured or linear options, a static or dynamic asset allocation, etc.) and at the end of the sales process the client might invest only in one of the investment options.</p> <p>Any restriction on the IBIPs design and distribution that would indirectly favour the sales of pure investment funds would unavoidably become an unfair competition and unequal treatment. Less retail investors would receive advice on their insurance and risk-prevention needs, in combination with the assessment of their financial needs, which is the added value that the insurance industry can offer. This would in the end reduce the retail investments in the real economy, which is ultimately one of the key goals of the CMU, and increase the amount of savings stuck in bank accounts.</p> <p>As to the “Level of complexity in the understanding of the product from the perspective of an average customer”, it should be the role of legislators to ensure that the PRIIPs KID delivers high quality information to consumers and to test consumers’ level of understanding when developing any change.</p>	account the complexity of regulatory requirements.
ACA	Q18		-
Institut des actuaires (France)	Q18	The table in §171 seems to us to demonstrate a real effectiveness in taking complexity into account by distinguishing it according to its different components. It seems important to us to underline the following points:	Agreed. Regarding MOPs, EIOPA agrees that they are not complex in themselves but, as the related financial risk is strictly dependent on

	<ul style="list-style-type: none"> - Complexity is not in itself a defect of the product. - It is essentially the complexity “in the understanding of the product from the perspective of an average customer” that deserves the most attention in the context of the POG and that needs to be justified. - This is illustrated by the widespread example of the guaranteed funds with participation features (euro funds backed on the general account): these are complex products, but they are cheap because they are less expensive to manage in some aspects than unit-linked funds. - When it comes solely from the underlying features of the product, complexity can play a very positive role. It is indeed unavoidable when it comes to providing a guarantee. Again, guaranteed with-profits euro funds are very simple to understand by the policyholder because of the guarantee they provide, whereas structured products are equally complex from an engineering point of view but the customer promise is often more difficult to understand. - The multiplicity of funds (underlying investment options) within a MOP and the structure of the MOP itself leads to quite limited complexity. It is quite similar to the complexity of a securities account. And a securities account is a relatively simple product. - It is not because a product is simpler that it is easier to use: this is the case with investments in equity stocks: these are simple products, the risk of which is easy to understand but which are very difficult to manage for a majority of investors due to a lack of experience and financial literacy as well as to well-identified behavioural biases. This notion is perhaps related to the complexity linked to “the level of market / counterparty risk of the product” mentioned by the consultation document: this last aspect, although included in the table of § 171 as a dimension contributing to complexity, seems to us to belong to another dimension. It could more appropriately signal a higher requirement for financial literacy or experience in the client profile 	<p>the risk profile of the underlying funds, they could lead to false expectations on the risk-return of the product as a whole. This would increase in the case of dynamic asset allocation and structured options. However, EIOPA does not intend to limit the design and distribution of IBIPs but to ensure more proportional POG process.</p>
--	--	--

		<p>rather than trigger an alert for complexity.</p> <p>Consequently, where the notion of complexity has to be taken into account in the context of consumer protection (the comprehension alert of PRIIPs is a topical example), it is mainly the complexity “in the understanding of the product from the perspective of an average customer” that must be taken into account.</p>	
Spanish Banking Association	Q18		-
Bundesarbeitsgemeinschaft zur Förderung der Versicherungsmakler (BFV)	Q18		-
Insurance Europe	Q18	<p>The horizontal approach pursued under the PRIIPs Regulation has already revealed its limits. Equally, IDD chapter VI that was developed taking into account criteria originating from the securities market has not led to the desired outcome.</p> <p>Features offered by IBIPs such as the long-term duration, agreed benefits at the end of the contract as well as fixed terms and conditions or the inclusion of a financial guarantee or insurance cover should not in any way be assessed negatively by EIOPA. On the contrary, these should be regarded as elements of non-complexity, requiring appropriate disclosures in the PRIIPs KID.</p> <p>A more nuanced “complexity scale” adding different rules for every shade of complexity in every part of the consumer journey and life cycle of the product would lead to very complex regulation with very unclear boundaries for manufacturers and intermediaries. This would not simplify the sales process. On the contrary it could increase the compliance costs that are ultimately passed to consumers and delay the time to market of any new product.</p> <p>Also, focusing the attention on the structure of the product to define its level of complexity is not the right approach. If the product’s architecture helps protect consumers against risks – for example through biometric risk covers, financial guarantees, other risk mitigation techniques and contractually agreed benefits at the</p>	<p>Partially agreed. According to EIOPA, PRIIP KIDs are not a sufficient tool to ensure that an average customer fully understands the features, risk, cost and potential return of more complex products. Regarding MOPs, EIOPA is of the view believe that they are not complex in themselves but, as the related financial risk is strictly dependent on the risk profile of the underlying funds, they could lead to false expectations on the risk-return of the product as a whole. This would increase in the case of dynamic asset allocation and structured options. However, EIOPA does not intend to limit the design and distribution of IBIPs but to promote more proportional POG processes.</p>

	<p>end of the contract offered by IBIP - then this sophistication is in the interest of consumers and does not increase complexity. A PEPP or a guaranteed product, for example, are regarded as simple although they could apply sophisticated risk-mitigation techniques.</p> <p>Affirming that “the structure of IBIPs is per se more complex than some other retail investments” is too one-sided. From a consumer’s perspective, the engineering of most IBIPs adds additional layers of protection, rather than complexity. For example, a death cover and an annuity element are also part of the PEPP, which is generally perceived as a good example of simple product.</p> <p>As to the link “more options-more complexity”, this could unduly bring to consider all MOPs as complex, even if MOPs can be constructed in different ways (with or without a partial guarantee, with an open architecture or pre-defined lines of investment, structured or linear options, a static or dynamic asset allocation, etc.) and at the end of the sales process the client might invest only in one of the investment options.</p> <p>With reference to the example of a product investing in linear funds, which would be risky but “not complex in itself”, any new provision should not promote products exposing consumers to greater financial risks for the only reason that they may have a less complex structure. The same consideration applies to any encouragement to compare products solely on the basis of cost, even though the COVID-19 crisis has clearly demonstrated the importance of consumers understanding what a product covers. Such a focus on costs would also create the risk of a “race to the bottom”, with providers focusing on lowering costs rather than improving the quality of their products.</p> <p>Any restriction on the design and distribution of IBIPs that would indirectly favour the sales of pure investment funds would unavoidably become an unfair competition and unequal treatment. Fewer retail investors would receive advice on their insurance and risk-prevention needs, in combination with the assessment of their financial needs, which is the added value that the insurance industry can offer. This would in the end</p>	
--	--	--

		<p>reduce the retail investments in the real economy, which is ultimately one of the key goals of the CMU, and increase the amount of savings stuck in bank accounts.</p> <p>With reference to the “counterparty risk of the product”, this concept is not fully clear for IBIPs, since insurers are subject to extensive capital requirements and have a strong Solvency position, which ensures their claims paying capacity. This represents another element that decreases the risk for the consumer.</p> <p>As to the “Level of complexity in the understanding of the product from the perspective of an average customer”, it should be the role of legislators to ensure that the PRIIPs KID delivers high quality information to consumers and to test consumers’ level of understanding when developing any change.</p> <p>Bearing in mind Article 9 of the EU Regulation 1094/2010 establishing EIOPA, that mandates EIOPA to take a leading role in promoting transparency, simplicity and fairness in the market, the insurance sector calls on the Authority to refrain from proposals that could create confusion and distortions, and focus instead on the supervision of the existing rules and meaningful improvements to the PRIIPs KID.</p>	
VOTUM Verband	Q18	<p>Aus unserer Sicht fehlt in der Aufzählung von EIOPA die Phase der Beratung während der gesamten Laufzeit, insbesondere zu einem notwendigen sukzessiven Fondswechsel mit fortschreitender Vertragslaufzeit und zunehmendem Alter des Kunden (Wechsel von chancenreicheren zu risikoarmen Anlagen zur Absicherung einer Rente).</p> <p>Die Notwendigkeit von Anpassung von langlaufenden Produkten während der Laufzeit des IBIPs auf veränderte Situationen des Kunden in unterschiedlichen Lebensphasen (Arbeitslosigkeit / Eheschließungen / Geburt von Kindern) gilt es zu berücksichtigen. Es ist sinnvoll, dass diese Beratungsleistung auch durch eine laufende Provisionsvergütung abgegolten werden kann.</p>	The POG process already foresee a role for the manufacturer and the distributor.

<p>Austrian Federal Economic Chamber, Division Bank and Insurance</p>	<p>Q18</p>	<p>The horizontal approach pursued under the PRIIPs Regulation has already revealed its limits. Equally, IDD chapter VI that was developed taking into account criteria originating from the securities market has not led to the desired outcome. IBIPs features such as the long-term duration, agreed benefits at the end of the contract as well as fixed terms and conditions or the inclusion of a financial guarantee or insurance cover should not in any way be assessed negatively by EIOPA. On the contrary, these should be regarded as elements of non-complexity, requiring appropriate disclosures in the PRIIPs KID.</p> <p>A more nuanced “complexity scale” adding different rules for every shade of complexity in every part of the consumer journey and life cycle of the product would lead to very complex regulation with very unclear boundaries for manufacturers and intermediaries. This would not simplify the sales process. On the contrary it could increase the compliance costs that are ultimately passed to consumers and delay the time to market of any new product.</p> <p>Also, focusing the attention on the structure of the product to define its level of complexity is not the right approach. If the product’s architecture helps protecting consumers against risks – for example through biometric risk covers, financial guarantees, other risk mitigation techniques and contractually agreed benefits at the end of the contract offered by IBIP - then this sophistication is in the interest of consumers and does not increase complexity. A PEPP or a guaranteed product, for example, are regarded as simple although they could apply sophisticated risk-mitigation techniques.</p> <p>Affirming that “the structure of IBIPs is per se more complex than some other retail investments” is too one-sided. From a consumer’s perspective, the engineering of most IBIPs adds additional layers of protection, rather than complexity. For example, a death cover and an annuity element are also part of the PEPP, which is generally perceived as an exemplary case of simple product.</p> <p>As to the link “more options-more complexity”, this could unduly bring to consider all</p>	<p>Partially agreed. According to EIOPA, PRIIP KIDs are not a sufficient tool to ensure that an average customer fully understands the features, risk, cost and potential return of more complex products. Regarding MOPs, EIOPA is of the view believe that they are not complex in themselves but, as the related financial risk is strictly dependent on the risk profile of the underlying funds, they could lead to false expectations on the risk-return of the product as a whole. This would increase in the case of dynamic asset allocation and structured options. However, EIOPA does not intend to limit the design and distribution of IBIPs but to promote more proportional POG processes.</p>
---	------------	--	--

	<p>MOPs as complex, even if MOPs can be constructed in different ways (with or without a partial guarantee, with an open architecture or pre-defined lines of investment, structured or linear options, a static or dynamic asset allocation, etc.) and at the end of the sales process the client might invest only in one of the investment options.</p> <p>With reference to the example of a product investing in linear funds, which would be risky but “not complex in itself”, any new provision should not promote products exposing consumers to greater financial risks for the only reason that they may have a less complex structure. The same consideration applies to any encouragement to compare products solely on the basis of cost, even though the COVID-19 crisis has clearly demonstrated the importance of consumers understanding what a product cover. Such a focus on costs would also create the risk of a “race to the bottom”, with providers focusing on lowering costs rather than improving the quality of their products.</p> <p>Any restriction on the IBIPs design and distribution that would indirectly favour the sales of pure investment funds would unavoidably become an unfair competition and unequal treatment. Less retail investors would receive advice on their insurance and risk-prevention needs, in combination with the assessment of their financial needs, which is the added value that the insurance industry can offer. This would in the end reduce the retail investments in the real economy, which is ultimately one of the key goals of the CMU, and increase the amount of savings stuck in bank accounts.</p> <p>With reference to the “counterparty risk of the product”, this concept is not clear for IBIPs, since insurers are subject to extensive capital requirements and have a strong Solvency position, which ensures their claims paying capacity. This represents another element that decreases the risk for the consumer.</p> <p>As to the “Level of complexity in the understanding of the product from the perspective of an average customer”, it should be the role of legislators to ensure that the PRIIPs KID delivers high quality information to consumers and to test consumers’ level of understanding when developing any change.</p>	
--	--	--

		In the light of Article 9 of the EU Regulation 1094/2010 establishing the EIOPA, that mandates EIOPA to take a leading role in promoting transparency, simplicity and fairness in the market, the insurance sector calls on the Authority to refrain from proposals that could create confusion and distortions, and focus instead on the supervision of the existing rules and meaningful improvements to the PRIIPs KID.	
EIOPA IRSG	Q18	<p>The IRSG believes that further assessment is needed here. The horizontal approach of the PRIIPs Regulation has revealed its limits, as has chapter VI of the IDD that was taken from criteria for the securities market. Some potential insurance-specific criteria for the assignment of non-complexity for IBIPs could be guarantees, agreed benefits and fixed terms and conditions.</p> <p>A “complexity scale” based on several dimensions, adding different rules in the pre-sales, sales and post-sale phase, does not simplify the assessment and it is challenging to implement. IBIPs features such as the long-term investment horizon, insurance covers, financial guarantees or other benefits at maturity should not be assessed as complexity factors by EIOPA, as they clearly provide more protection to consumers.</p> <p>Besides, I agree with EIOPA that new measures should not result in promoting products exposing consumers to higher financial risks only because they may have a less complex structure.</p>	<p>Partially agreed. EIOPA does not agree that regulatory requirements of different intensity should not be applied to products belonging to different degrees of complexity.</p> <p>See also answer to comment provided in Q17</p>
BIPAR	Q18	<p>There may be confusion between complexity and risk.</p> <p>Does the KID leave enough flexibility to “explain” certain features” which may make the product more risky or offer certain advantages?</p> <p>To which extent does the current POG not allow for solutions in terms of complexity?</p>	<p>Agreed. EIOPA sees that risk and complexity belong to different dimensions but they could influence one another.</p>
Assuralia	Q18	<p>Assuralia would like to stress that art.16 of the Commission Delegated Regulation (EU) 2017/2359 is not sufficiently clear in order to provide a clear definition of what is a simple product.</p>	<p>Partially agreed: a double definition should be avoided, one for what is complex and one for what is not complex. Using a definition that allows</p>

		<p>Recital 18 of the PRIIPs regulation is much clearer: products that won't fall under the scope of complexity according to Recital 18 PRIIPs, will be considered as simple and should be used, with a small amendment, as follows: "A product should be regarded as not being simple and as being difficult to understand in particular if it uses a number of different mechanisms to calculate the final return of the investment, creating a greater risk of misunderstanding on the part of the retail investor or if the investment's pay-off takes advantage of retail investor's behavioural biases, such as a teaser rate followed by a much higher floating conditional rate, or an iterative formula."</p> <p>We also want to stress that the use of a double definition- one for what is complex, and one for what is not complex is to be avoided at all costs. Such an approach could create legal uncertainty for products that don't clearly fall in either of the definitions, thus creating a legal gap. This could also be potentially unfair for customers, due to a subjective and arbitrary approach of the two definitions. Using only a definition of what is complex will guarantee that products are clearly either complex if they fall under the definition, or not complex if they don't fall under the definition.</p> <p>Assuralia would also underline that affirming that "the structure of IBIPs is per se more complex than some other retail investments" is too one-sided, undifferentiated and doesn't appreciate the added value of protection. From a consumer's perspective, the engineering of most IBIPs adds additional layers of protection, rather than complexity.</p> <p>Assuralia would like to stress that there should not be any confusion between security and complexity. Complexity isn't always insecure, and security comes at a price. Equalling this to complexity could be seriously detrimental to consumers, as this would limit the product offering with a capital guarantee or protection and thus consumers' choice.</p>	<p>for a scale of complexity would avoid this problem</p>
Italian Banking Association	Q18	Please see our answer to Q17.	-

<p>AGEA (French association of general insurance agents)</p>	<p>Q18</p>	<p>Producers are responsible for the complexity of products. It would not be advisable to create regulatory or supervisory areas allowing to step away from obligations with which IBIPs seen as complex must comply. It is important to maintain a level playing field.</p> <p>Moreover, client protection should not lead to client discrimination. All clients should have access to all market offers. In the underwriting phase, the distributor is responsible for guaranteeing that the proposed solution fits the potential client's situation. This process makes the difference between broadly defined target markets in POG and the confirmation of product suitability to the client's situation.</p> <p>We may underline that a robo-advisor would never be able to make a global assessment of the client's situation due to the limits of programs and algorithms. The distributor's customer relationships allow to fill that gap. Pure players rely on sales staff to be able to respond to all their clients' questions, thus demonstrating the relevance of a "business to business to consumer approach" (BtoBtoC)</p> <p>In most clients' views, IBIPS remain very complex – leading professionals to use the comprehension warning in KIDs. One of the reasons is the lack of financial education, as EIOPA rightfully underlines in the paper. Moreover, it may be added that the client's situation is always unique and complex because every client's situation is different.</p> <p>And so, even if we agree that the professional's customer due diligence should be proportional to product complexity, maintaining appropriate suitability assessments on IBIPs remains essential regardless of product type.</p>	<p>Agreed. The assessment of suitability of an IBIP is an essential element regardless of the type of product, however EIOPA believes that this assessment is all the more important the more complex the product is to understand</p>
<p>ANASF</p>	<p>Q18</p>	<p>We believe that it is not currently easy to identify simple products in this type of market.</p>	<p>Agreed. Hence, why EIOPA proposes to introduce the notion of complexity scale.</p>
<p>Austrian Insurance Association (VVO)</p>	<p>Q18</p>	<p>The horizontal approach pursued under the PRIIPs Regulation has already revealed its limits. Equally, IDD chapter VI that was developed taking into account criteria originating from the securities market has not led to the desired outcome.</p>	<p>Partially agreed. According to EIOPA, PRIIP KIDs are not a sufficient tool to ensure that an average customer fully</p>

	<p>IBIPs features such as the long-term duration, agreed benefits at the end of the contract as well as fixed terms and conditions or the inclusion of a financial guarantee or insurance cover should not in any way be assessed negatively by EIOPA. On the contrary, these should be regarded as elements of non-complexity, requiring appropriate disclosures in the PRIIPs KID.</p> <p>A more nuanced “complexity scale” adding different rules for every shade of complexity in every part of the consumer journey and life cycle of the product would lead to very complex regulation with very unclear boundaries for manufacturers and intermediaries. This would not simplify the sales process. On the contrary it could increase the compliance costs that are ultimately passed to consumers and delay the time to market of any new product.</p> <p>Also, focusing the attention on the structure of the product to define its level of complexity is not the right approach. If the product’s architecture helps protecting consumers against risks – for example through biometric risk covers, financial guarantees, other risk mitigation techniques and contractually agreed benefits at the end of the contract offered by IBIP - then this sophistication is in the interest of consumers and does not increase complexity. A PEPP or a guaranteed product, for example, are regarded as simple although they could apply sophisticated risk-mitigation techniques.</p> <p>Affirming that “the structure of IBIPs is per se more complex than some other retail investments” is too one-sided. From a consumer’s perspective, the engineering of most IBIPs adds additional layers of protection, rather than complexity. For example, a death cover and an annuity element are also part of the PEPP, which is generally perceived as an exemplary case of simple product.</p> <p>As to the link “more options-more complexity”, this could unduly bring to consider all MOPs as complex, even if MOPs can be constructed in different ways (with or without a partial guarantee, with an open architecture or pre-defined lines of investment,</p>	<p>understands the features, risk, cost and potential return of more complex products. Regarding MOPs, EIOPA is of the view believe that they are not complex in themselves but, as the related financial risk is strictly dependent on the risk profile of the underlying funds, they could lead to false expectations on the risk-return of the product as a whole. This would increase in the case of dynamic asset allocation and structured options. However, EIOPA does not intend to limit the design and distribution of IBIPs but to promote more proportional POG processes.</p>
--	---	--

	<p>structured or linear options, a static or dynamic asset allocation, etc.) and at the end of the sales process the client might invest only in one of the investment options.</p> <p>With reference to the example of a product investing in linear funds, which would be risky but “not complex in itself”, any new provision should not promote products exposing consumers to greater financial risks for the only reason that they may have a less complex structure. The same consideration applies to any encouragement to compare products solely on the basis of cost, even though the COVID-19 crisis has clearly demonstrated the importance of consumers understanding what a product cover. Such a focus on costs would also create the risk of a “race to the bottom”, with providers focusing on lowering costs rather than improving the quality of their products.</p> <p>Any restriction on the IBIPs design and distribution that would indirectly favour the sales of pure investment funds would unavoidably become an unfair competition and unequal treatment. Less retail investors would receive advice on their insurance and risk-prevention needs, in combination with the assessment of their financial needs, which is the added value that the insurance industry can offer. This would in the end reduce the retail investments in the real economy, which is ultimately one of the key goals of the CMU, and increase the amount of savings stuck in bank accounts.</p> <p>With reference to the “counterparty risk of the product”, this concept is not fully clear for IBIPs, since insurers are subject to extensive capital requirements and have a strong Solvency position, which ensures their claims paying capacity. This represents another element that decreases the risk for the consumer.</p> <p>As to the “Level of complexity in the understanding of the product from the perspective of an average customer”, it should be the role of legislators to ensure that the PRIIPs KID delivers high quality information to consumers and to test consumers’ level of understanding when developing any change.</p> <p>In the light of Article 9 of the EU Regulation 1094/2010 establishing the EIOPA, that</p>	
--	--	--

		mandates EIOPA to take a leading role in promoting transparency, simplicity and fairness in the market, the insurance sector calls on the Authority to refrain from proposals that could create confusion and distortions, and focus instead on the supervision of the existing rules and meaningful improvements to the PRIIPs KID.	
Bund der Versicherten (BdV - German Association of Insured)	Q18	<p>Yes, we agree with EIOPA's proposal (cf. no. 171, table 1, p. 72, of CP) to "disentangle" the following three dimensions:</p> <ul style="list-style-type: none"> • Level of market / counterparty risk of the product. • Level of complexity of the underlying features and operating of the product. • Level of complexity in the understanding of the product from the perspective of an average customer. <p>It is right to point out that "product simplicity is not equivalent to a low exposure to market risks" (no. 170, p. 171, and no. 173, p. 73 of CP), therefore the reliable assessment of the "risk tolerance" of the customer by the distributor is fundamental in order to ensure the "suitability" of the recommended IBIP (cf. our comment on Q 14).</p>	Agreed.
Fédération Bancaire Française	Q18	<p>We do not support the definition of "simple products" and prefer to consider criteria of complexity and note that products which do not meet these criteria are non-complex products.</p> <p>We believe it is important to emphasize that an IBIP is a long-term product and therefore, the units' range must be quite wide and varied to meet the client's changing needs and objectives. The investment universe of an insurance contract is generally closed (unlike a securities account) and the range of eligible assets should not be too narrow. Otherwise, this would ultimately be contrary to the interests of the investors since the financial allocations that the distributors could offer would be significantly reduced.</p> <p>It is important to recall that in many circumstances the "complexity" of the</p>	EIOPA agrees that complexity may also be due to risk mitigation techniques, however, EIOPA believes that regulatory requirements should be proportional to the level of complexity because the average consumer may not be fully aware of the costs, risks and potential returns of a very complex product.

		<p>structuration of the products aims at i) limiting the risk for the investor ii) providing an easily understandable pay-off for the investment.</p>	
<p>Gesamtverband der Deutschen Versicherungswirtschaft e. V.</p>	<p>Q18</p>	<p>Please see also our comments on Question 17.</p> <p>We agree that customer protection measures, such as POG and advice, should look at all aspects of the product which could be of – positive or negative – relevance to the customers. Naturally, a product with a sophisticated construction or many features requires adequate attention in this regard. This, however, does not imply that such a product is more dangerous. It is often the sophisticated construction or the features which make a product suitable for the respective target market in the first place, e. g. risk mitigation techniques. The appropriate combination of the product's various features makes it possible to adapt it to the individual needs of the retail investor - e.g. the appropriate level of guarantees or death cover. From our point of view, it is important that future regulation takes due account of the specific characteristics and needs of retail investors. Classifying products such as “complex” or “non-complex” would not be helpful in this regard. A different notion, such as a “degree of sophistication” is needed.</p> <p>EIOPA is stating that the structure of IBIPs is per se more complex than some other retail investments. We think that also here “complexity” is a wrong term since IBIPs are or could be more sophisticated. From consumers’ perspective, most IBIPs in the German market are not complex. For example, most of the features of IBIPs are also part of the PEPP, which is generally perceived as an exemplary case for a simple product. Insurance cover is an integral part of many IBIPs. Typically, there is a specified (minimum) death benefit to cover surviving dependents or an annuity factor. For this reason, too MiFID regulations cannot simply be transferred directly. Especially by EIOPA, the inclusion of insurance cover should in no way be assessed negatively.</p> <p>We agree with EIOPA that consumers should not be nudged into risky products for the sole reason that they may have a less sophisticated structure. Most importantly, consumers who need low and medium-risk products should always be able to find a</p>	<p>EIOPA agrees on the importance of taking into account the specific characteristics and needs of retail investors. EIOPA thinks that replacing the term complexity with "degree of sophistication" would create confusion.</p>

		<p>suitable product. This is a precondition for enabling more risk-averse retail investors to participate in the European capital market.</p> <p>Example: Modern investment products often include risk mitigation techniques such as managed variable allocation of premiums in order to on the one hand provide a guarantee through the general account and on the other hand allow participation of consumers in the markets. Such a technique is also possible within a PEPP that is often considered as simple. This increased variability may well be perceived as complex. However, it can be easily explained and is not detrimental to the client, as it considers his risk appetite in the investment process on a day-to-day basis. This is partly comparable to fund portfolios with automatic rebalancing.</p> <p>In this context, we do not see the need to promote products that could be considered simpler but want to emphasise the importance of meeting customers' evolving demands and needs, especially in the perspective of the persistent pension gap. The main tools needed for this purpose are functioning POG processes and – most importantly – competent individual advice. Both of these can be used proportionally, in accordance with the characteristics and features of the respective product and its target market, and both can be supervised efficiently based on current legislation.</p> <p>Finally, adding different rules for every shade of complexity in every part of the consumer journey and life cycle of the product would lead to very complex regulation with very unclear boundaries for manufacturers and intermediaries. We believe that consumers should enjoy the same level of protection irrespective of the product they purchase. Therefore, distributors and manufacturers need to be regulated in the same way across all IBIPs as is the case now under the current regulation in the IDD.</p>	
ING Bank NV	Q18	Yes, we agree. We have no other observations or comments.	Thanks.
Bundesverband Deutscher Vermögensberater	Q18	Aus unserer Sicht fehlt in der Aufzählung von EIOPA die Phase der Beratung während der gesamten Laufzeit, insbesondere zu einem notwendigen sukzessiven Fondswechsel mit fortschreitender Vertragslaufzeit und zunehmendem Alter des Kunden (Wechsel von chancenreicheren zu risikoarmen Anlagen zur Absicherung einer Rente). Auch wenden sich Kunden regelmäßig während der Vertragslaufzeit an	EIOPA agrees that sophistication can also be motivated by risk mitigation techniques, however, very complex products may not be fully understood

		ihren Berater, wenn beispielsweise durch außergewöhnliche Einflüsse auf den Finanzmärkten, die im aktuellen Jahresbericht ausgewiesene Werte (s. Q 4) unter denen des Vorjahres liegen. In – meist unbegründeter – Sorge um sein Geld, entsteht hier beim Kunden oft erhebliche Verunsicherung, die nur durch Beratung kompensiert werden kann.	by average customers in terms of risks, costs, expected return.
Actuarial Association of Europe	Q18	<p>We think it is important to underline that complexity is not in itself a negative thing. In fact, it is unavoidable if a guarantee is to be integrated in the design of the product, which answers a frequent need of the customers. Guaranteed products with participation features are typically complex according to their underlying features but quite easy to understand for customers.</p> <p>On the other hand, the complexity should be introduced for good reasons and be useful without unduly affecting the efficiency of the product. It is a trade-off that cannot be defined in abstracto.</p> <p>Similarly, MOPs should not be considered as complex products just because they involve a lot of underlying investment options. Whether there are 5 or 200 options does not change the complexity of the product structure. For example, this structure can in some markets be related to the structure of a securities account, which in itself is not complex either.</p>	EIOPA agrees but would like to stress that the fund allocation mechanism underlying MOP products can be complex
Die Deutsche Kreditwirtschaft	Q18		-
Allianz SE	Q18	<p>In principle, the concept of a simple or basic IBIP could help retail investors to invest in simple financial products, provided that the definition of simple product is adequate (see following paragraph) and that the products meet the demands and needs of the customer and specified criteria appropriate for specific customer risk profiles. Such products could have a “safe harbour” provision that would allow them to be sold via digital and online means with confidence. This approach is in line with labelling elsewhere e.g. Green Bond Standard, Ecolabel for green financial products.</p> <p>Having said that, we emphasize that complexity under the products surface should play no role in potentially excluding them from the envisaged concept. In particular from an insurance perspective, a risk mitigation feature or other protection (e.g. an</p>	Partially agreed. While complexity under the product surface could help the final simplicity of the product, it should also be considered that in certain cases it can lead to excessive reliance and safety in product warranties even when these may be conditioned or limited by some factors not easily understood by the policyholder.

		<p>annuity) are important aspects to consider a product as simple.</p> <p>We would also debate the idea that the simplicity of the product means that it is a better product for every retail investor regardless of their risk profile. For further details on Allianz's views on complexity and relevant regulatory options, please see Q21.</p>	In EIOPA's view complexity and risk profile should be different dimensions to take into considerations. A simpler products may also match with an high financial risk profile.
FECIF	Q18	See answer to question 17.	
Sparbanken Skåne AB (publ)	Q18	Yes, information in layers is good idea	Thanks.
VOTUM Verband	Q18	See answer to question 17.	
Question 19: How would you, as an external stakeholder, define simpler and cost-efficient products? Could you please provide concrete examples of products that you consider simpler and cost-efficient?			
Polish Chamber of Insurance	Q19	<ul style="list-style-type: none"> • The goal of the upcoming Retail Investment Strategy is to put retail investors' interests centre-stage, but a simpler product is not necessarily in the customer's interest. Higher sophistication can bring better risk mitigation, higher returns and more choices to adapt the product to consumers' evolving needs, especially in the medium-long term since individuals are increasingly required to take responsibility for preparing for retirement themselves. For example, a PEPP or a guaranteed product are regarded as simple although they could apply sophisticated risk-mitigation techniques. Most of the features IBIPs have are also common to the PEPP, like the specified (minimum) death benefit to cover surviving dependents or an annuity factor. • It is surprising that in the European Commission's consultation on the Retail Investment Strategy, UCITS were mentioned as less complex products, regardless of structure, costs or investment strategy. While some of these products may, initially, be cheaper, this may come at the price of increased risks for retail investors. • Consumers with the right profile need access to riskier investment solutions while those looking for low and medium-risk products should always be able to find a 	Disagreed. Simpler product does not mean less financially risky product. Nor can the concept of simplicity be reduced to the transparency of conditions. EIOPA also disagrees that "a product is cost-efficient if it meets the demands and needs" of consumers because cost-efficiency should be measured objectively regardless of customer needs.

	<p>suitable product. This is a precondition for enabling more risk-averse retail investors to participate in the European capital market. For example, modern investment products often include risk mitigation techniques. These can be guarantees in the products, which the provider can provide through a suitable composition of the general account. An ongoing limitation of the risk of loss can also be agreed upon with lower or even without guarantees in hybrid products. The provider then continuously adjusts the allocation of new savings contributions and the composition of the client portfolio. This increased variability may well be perceived as complex. However, it is not detrimental to clients, as it considers their risk appetite in the investment process on a day-to-day basis. This is partly comparable to fund portfolios with automatic rebalancing.</p> <ul style="list-style-type: none"> • As to the definition of simple products, criteria originating from the securities market cannot simply be transferred directly, while IBIPs features such as the long-term duration, agreed benefits at the end of the contract as well as fixed terms and conditions or the inclusion of a financial guarantee or insurance cover should not in any way be assessed negatively by EIOPA. A “complexity scale” adding different rules for every shade of complexity in every part of the consumer journey and life-cycle of the product would lead to very complex regulation with very unclear boundaries for manufacturers and intermediaries. This would not simplify the sales process, but on the contrary it could increase the compliance costs that are ultimately passed to consumers and delay the time to market of any new product. • A product is simple if the potential customer can easily find clear information on the products’ risks and understand whether such risks are mitigated or not by financial guarantees, biometric risk covers or other capital protection mechanisms. This can be achieved by re-organising and simplifying the PRIIPs KID: the essential information on the existence or lack of guarantees, the existence or lack of insurance covers and the existence or lack of other capital protection mechanisms should be prominently displayed in the first layer and/or at the top of the document. • As to cost-efficiency, a product is cost-efficient if it meets consumers’ demands and 	
--	--	--

		<p>needs. This is sufficiently ensured through the IDD provisions on product oversight and governance, professional advice, distributors continuous training, the suitability test, appropriate pre-contractual disclosures and product monitoring the whole product life cycle. These measures provide supervisory authorities with a solid basis to monitor the market and swiftly and efficiently address any grievances even in a fast-evolving market environment.</p> <ul style="list-style-type: none"> • It should also be noted that the basic principles in insurance, in particular the principles of solidarity and mathematical methods, enable cost structures that would not be available on an individual standalone basis. For insurance-based investment products these basic principles are translated into collective asset ownerships that represent an additional layer of protection for the retail investor. Right from the outset, insurance-based investment products enable cost-efficiency and economies of scales. 	
BETTER FINANCE	Q19	<p>BETTER FINANCE has supported and advocated the rationale behind the PEPP Regulation that such products should be “reasonably priced”, to which we add that we also supported the introduction of the basic PEPP cost cap of 1%. The urgency of streamlining and making the IBIPs market more cost-efficient are underpinned by EIOPA’s annual reports on cost and past performance, showing the ongoing damage the complex, fee-laden cost structures of IBIPs and pension products trigger for consumers.</p> <p>As such, we believe that the basic PEPP should be taken as a starting point in defining “simple, cost-efficient and transparent” products, including IBIPs; other types of simple and cost-efficient investment products concern both exchange-traded funds (ETFs) and/or clean share classes of mutual funds, which are cheaper than most of those used and distributed through life insurance wrappers.</p>	Agreed.
Irish Life Assurance PLC	Q19		-
Unipol Gruppo S.p.A.	Q19	In our view, the complexity of a product must always be considered in relation to the risk of mis-selling. Complexity may indeed lead investors taking risks they were not prepared to bear or do not understand hidden costs and therefore suffer losses since they did not understand the product. This outcome is more likely in relation to	Disagreed. Simpler product does not mean less financially risky product. Nor can the concept of simplicity be reduced to the transparency of

		<p>products with non-linear cash flow rules, complex costs structures (i.e. costs whose triggering is not clear and subject to particular conditions) and where the payment of the insurance benefit or the early redemption is subject to particular costs and conditions.</p> <p>However, with the aim of ensuring the broadest protection to investors, we understand EIOPA's assessments to the types and characteristics of the products to be considered simpler, and we agree that the provision of the capital return guarantee is in itself sufficient to qualify a product as non-complex.</p> <p>That being said, the higher level of risk related to certain investment product is not, per se, an undesirable feature and we disagree with policy actions aimed at addressing the supply side towards a certain direction (e.g. standardised and low risk products).</p> <p>As it has been rightly pointed out by Insurance Europe a simple product with low risks is not necessarily in the customer's interest. Higher sophistication can bring better risk mitigation, higher returns and more choices to adapt the product to consumers evolving needs and should be not incorporated in complexity definition as in IDD guidelines on this matter.</p> <p>What really matters is that products with higher underlying risks are distributed only to the investors that are willing and capable of bearing those risks, based on their risk appetite, financial objectives and overall financial wealth.</p>	<p>conditions. EIOPA also disagrees that "a product is cost-efficient if it meets the demands and needs" of consumers because cost-efficiency should be measured objectively regardless of customer needs.</p>
Dutch Association of Insurers	Q19		-
France Assureurs (Fédération Française de l'Assurance)	Q19	<p>The key objective of providers and regulators should be that every consumer receives a product which is suitable to their specific preferences and needs. Consumers should not be nudged to take their financial decisions solely based on product simplicity and costs, thus selecting sub-optimal options in a "race to the bottom" in terms of quality and innovation.</p>	<p>Disagreed. Simpler product does not mean less financially risky product. Nor can the concept of simplicity be reduced to the transparency of conditions. EIOPA also disagrees that "a product is cost-efficient if it meets</p>

	<p>Higher sophistication can bring better risk mitigation, higher returns and more choices to adapt the product to consumers' evolving needs, especially in the medium-long term since individuals are increasingly required to take responsibility for preparing for retirement themselves. For example, a PEPP or a guaranteed product, as euro fund, are regarded as simple although they could apply sophisticated risk-mitigation techniques. Most of the features IBIPs have are also common to the PEPP, like the specified (minimum) death benefit to cover surviving dependents or an annuity factor.</p> <p>It is surprising that in the European Commission's consultation on the Retail Investment Strategy, UCITS were mentioned as less complex products, regardless of structure, costs or investment strategy. While some of these products may, initially, be cheaper, this may come at the price of increased risks for retail investors.</p> <p>Consumers with the right profile need access to riskier investment solutions while those looking for low and medium-risk products should always be able to find a suitable solution. This is a precondition for enabling more risk-averse retail investors to participate in the European capital market. For example, modern investment products often include risk mitigation techniques. These can be guarantees in the products, which the manufacturer can provide through a suitable composition of the general account. An ongoing limitation of the risk of loss can also be agreed upon with lower guarantees in hybrid products. The provider can continuously adjust the allocation of new savings contributions and the composition of the client portfolio.</p> <p>This increased variability may well be perceived as complex. However, it is not detrimental to clients, as it considers their risk appetite in the investment process on a day-to-day basis. This is partly comparable to fund portfolios with automatic rebalancing.</p> <p>As to the definition of simple products, criteria originating from the securities market cannot simply be transferred directly, while IBIPs features such as the long-term duration, agreed benefits at the end of the contract as well as fixed terms and</p>	<p>the demands and needs" of consumers because cost-efficiency should be measured objectively regardless of customer needs.</p>
--	--	---

		<p>conditions or the inclusion of a financial guarantee or insurance cover should not in any way be assessed negatively by EIOPA. A “complexity scale” adding different rules for every shade of complexity in every part of the consumer journey and life-cycle of the product would not simplify the assessment and would be burdensome to implement.</p> <p>A product is simple if the potential customer can easily find clear information on the products’ risks and understand whether such risks are mitigated or not by financial guarantees, biometric risk covers or other capital protection mechanisms. This can be achieved by re-organising and simplifying the PRIIPs KID: the essential information on the existence or lack of guarantees, the existence or lack of insurance covers and the existence or lack of other capital protection mechanisms should be prominently displayed in the first layer and/or at the top of the document and France Assureurs would recommend a tick-box option to facilitate consumers’ comparison and understanding of the different product features (e.g., “Is money guaranteed?” with YES or NO boxes to be ticked by the product manufacturer; “Does this product provide insurance cover and other benefits?” with YES or NO boxes to be ticked by the product manufacturer and with relevant explanations).</p> <p>As to cost-efficiency, a product is cost-efficient if it meets consumers’ demands and needs. This is sufficiently ensured through the IDD provisions, which also provide supervisory authorities with a solid basis to monitor the market and swiftly and efficiently address any grievances even in a fast-evolving market environment.</p> <p>It should also be noted that the basic principles in insurance, in particular the principles of solidarity and mathematical methods, enable cost structures that would not be available on an individual standalone basis. For IBIPs these basic principles are translated into collective asset ownerships that represent an additional layer of protection for the retail investor. Right from the outset, IBIPs enable cost-efficiency and economies of scales.</p>	
Länsförsäkringar	Q19		-

ASSORETI - Association of intermediaries which provide investment advice service through their network of qualified individual financial advisors.	Q19		-
Insurance Ireland	Q19	<p>While we do not believe there is need for new labels, we do agree with Insurance Europe that a product is simple if clear information on the product's risks can easily be accessed by the customer and whether they understand whether risks mitigations or not exist. We believe that the current regulations provide sufficient safeguards to consumers on this front.</p> <p>Once again there is a danger in conflating the terms "simple" and "low risk". Products which are riskier are not necessarily more complex. It should not be the case that customers are selecting sub-optimal options by making investment decisions based on simplicity and costs. In fact products which may be perceived as non-simple can bring better risk mitigation, the potential for higher returns and more choices to adapt the product to consumers' evolving needs.</p> <p>We also agree with Insurance Europe that it is cost efficient if the product meets the consumers' demands and needs.</p> <p>The investment decision should not be made solely on the simplicity of a product or indeed the cost of the product. Instead regard should be given to the suitability of the product for the consumers' demands and needs. The requirement for a demands and needs test is unique to the insurance sector and has benefitted consumers by ensuring that any products proposed to them meet their individual needs through the existing IDD provisions.</p>	EIOPA agrees that these are different dimensions but we believe that regulatory requirements should also take into account complexity from a consumer perspective. EIOPA also believes that costs are an important component for the consumer because they have a high impact on expected performance
BEUC, The European Consumer Organisation	Q19	BEUC supports the development of simpler financial products, including for unit-linked life insurance products. Examples of good practices can be found in several countries. For instance, in the UK, a Simple Products Initiative was launched, designed	EIOA agrees but would like to stress that simpler products do not necessarily have to offer a limited

		<p>to help consumers navigate the financial services market. In the EU, the pan-European Pension Product will soon become available to all EU consumers, which will include a limited number of possible investment options, including a default option (called the Basic PEPP) with a fee cap of 1 percent. Similar simple product initiatives could be replicated at the EU level for other retail investment products (such as for investment funds or unit-linked life insurance policies, etc.) to help simplify the decision-making process for consumers.</p>	<p>number of possible investment options.</p>
<p>ANIA</p>	<p>Q19</p>	<p>The key objective of providers and regulators should be that every consumer receives a product which is suitable to their specific preferences and needs. Consumers should not be nudged to take their financial decisions solely based on product simplicity and costs, thus selecting sub-optimal options in a “race to the bottom” in terms of quality and innovation.</p> <p>A better definition of the product can bring better risk mitigation, higher returns and more choices to adapt the product to consumers’ evolving needs.</p> <p>It is surprising that in the European Commission’s consultation on the Retail Investment Strategy, UCITS were mentioned as less complex products, regardless of structure, costs or investment strategy.</p> <p>Consumers with the right profile need access to riskier investment solutions while those looking for low and medium-risk products should always be able to find a suitable solution. This is a precondition for enabling more risk-averse retail investors to participate in the European capital market. For example, modern investment products often include risk mitigation techniques. These can be guarantees in the products, which the manufacturer can provide through a suitable composition of the underlying assets and options. An ongoing limitation of the risk of loss can also be agreed upon with lower guarantees in hybrid products. The provider can continuously adjust the allocation of new savings contributions and the composition of the client portfolio. This increased variability may well be perceived as complex. However, it is not detrimental to clients, as it considers their risk appetite in the investment process on a day-to-day basis. This is partly comparable to fund portfolios with automatic</p>	<p>EIOPA agrees that consumers with the right profile need to access riskier investment solutions. In fact, EIOPA believes that financial risk and complexity are two different dimensions. However, EIOPA wants to limit the possible detriment to customers who, due to the high level of sophistication of the products, may not understand the risk and potential return of the policy.</p> <p>Although the checkbox you suggested is useful, it may not be sufficient due to the high level of complexity of some products that do not allow a YES / NO answer.</p> <p>Furthermore, in EIOPA's opinion, cost efficiency should not be limited to its compatibility with the needs of the target market, since it can also influence the overall value for money of the product which would therefore not be efficient for any customer.</p>

		<p>rebalancing.</p> <p>As to the definition of simple products, criteria originating from the securities market cannot simply be transferred directly, while IBIPs features such as agreed benefits at the end of the contract as well as fixed terms and conditions or the inclusion of a financial guarantee or insurance cover should not in any way be assessed negatively by EIOPA. A “complexity scale” adding different rules for every shade of complexity in every part of the consumer journey and life-cycle of the product would not simplify the assessment and would be burdensome to implement.</p> <p>A product is simple if the potential customer can easily understand the products’ risks and understand whether such risks are mitigated or not by financial guarantees, biometric risk covers or other capital protection mechanisms. This can be achieved by re-organising and simplifying the PRIIPs KID: the essential information on the existence or lack of guarantees, insurance covers and capital protection mechanisms should be prominently displayed in the first layer and/or at the top of the document and ANIA recommend a tick-box option to facilitate consumers’ comparison and understanding of the different product features (e.g., “Is money guaranteed?” with YES or NO boxes to be ticked by the product manufacturer; “Does this product provide insurance?” with YES or NO boxes to be ticked by the product manufacturer and with relevant explanations).</p> <p>As to cost-efficiency, a product is cost-efficient if it offers value for money matching consumers’ demands and needs. This is sufficiently ensured through the IDD provisions, which also provide supervisory authorities with a solid basis to monitor the market and swiftly and efficiently address any grievances even in a fast-evolving market environment.</p>	
ACA	Q19		
Institut des actuaires (France)	Q19	<p>Policies with one single underlying fund consisting in a profit-sharing guaranteed fund are the oldest and simplest products on the French market. They are hardly ever sold in this form anymore, but very generally in the form of hybrid MOPs allowing, in addition to investment in the guaranteed fund with profit-sharing, investment in unit-</p>	<p>See answer provided to comment related to Q18.</p>

	<p>linked products.</p> <p>Considerations about the MOPs</p> <p>In our view, this is an example of limited, justified and protective complexity:</p> <ul style="list-style-type: none"> - It is limited because the wrapper / underlying options structure is easy to understand. The fee structure (entry fee within the wrapper, then ongoing costs of the wrapper and ongoing costs of the underlying options) is consistent with the product structure and therefore readable. - The ability to offer multiple investment options within a wrapper is a great advantage for the policyholder who can easily diversify his risks and adjust his exposure without having to take out another contract. - This structure of the MOP is protective because the product is very liquid, the policyholder can, without having to terminate (at the risk of losing the benefit of the tax regime), reconsider his choices by a simple switch and adapt his exposure throughout his life. This type of contract minimizes his commitment and fully favours the right to make mistakes, which can never be eliminated in investment matters. <p>It seems important to us to highlight the case of MOPs because these products represent the essential part of the insurance savings offer on the French market. Their very flexible structure contributes considerably to the cost efficiency of the offer: if a life insurance product had to be launched and marketed for each unit-linked or profit sharing fund, the economic model would obviously not be viable. The MOP allows the costs of a single wrapper to be mutualized for the benefit of multiple investor profiles.</p> <p>It implies that it is important for a MOP to distinguish between the different target markets, which can be very diverse, for which a product of this type is intended.</p> <p>It is worth noting in this respect that the target market for an underlying option within</p>	
--	---	--

		<p>a MOP may have only a relative meaning, as it is limited to the case where the investor only chooses this option. In fact, within a MOP, it is very useful to combine several options at the same time, so that an investor who accepts only moderate risk can quite appropriately invest in very risky assets, but in a very limited proportion.</p> <p>The assessment of complexity should combine the complexity of the structure and the complexity of the underlying investment options. In this respect, MOPs may include very simple options (simple UCITS) but also much more complex options (structured funds).</p> <p>Considerations about the simplicity of the fee structure:</p> <p>The simplicity of a product also depends on the simplicity of its fees. In the French market, most products have ongoing costs as a percentage of assets, which include both the administrative management and distribution. It is a particularly simple structure that makes it easy to understand the impact on the final return.</p>	
Spanish Banking Association	Q19		
Bundesarbeitsgemeinschaft zur Förderung der Versicherungsmakler (BFV)	Q19		
Insurance Europe	Q19	<p>The key objective of providers and regulators should be that every consumer receives a product which is suitable to their specific preferences and needs. Consumers should not be nudged to take their financial decisions solely based on product simplicity and costs, thus selecting sub-optimal options in a “race to the bottom” in terms of quality and innovation.</p> <p>Higher sophistication can bring better risk mitigation, higher returns and more choices to adapt the product to consumers’ evolving needs, especially in the medium-long term since individuals are increasingly required to take responsibility for preparing for retirement themselves. For example, a PEPP or a guaranteed product are regarded as simple although they could apply sophisticated risk-mitigation techniques. Most of</p>	<p>EIOPA agrees that consumers with the right profile need to access riskier investment solutions. In fact, EIOPA believes that financial risk and complexity are two different dimensions. However, the final advice's intention is to limit the possible detriment to customers who, due to the high level of sophistication of the products, may not understand</p>

	<p data-bbox="577 320 1568 384">the features IBIPs have are also common to the PEPP, like the specified (minimum) death benefit to cover surviving dependents or an annuity factor.</p> <p data-bbox="577 427 1612 563">It is surprising that in the EC consultation on the Retail Investment Strategy, UCITS were mentioned as less complex products, regardless of structure, costs or investment strategy. While some of these products may, initially, be cheaper, this may come at the price of increased risks for retail investors.</p> <p data-bbox="577 606 1608 1066">Consumers with the right profile need access to riskier investment solutions while those looking for low and medium-risk products should always be able to find a suitable solution. This is a precondition for enabling more risk-averse retail investors to participate in the European capital market. For example, modern investment products often include risk mitigation techniques. These can be guarantees in the products, which the manufacturer can provide through a suitable composition of the general account. An ongoing limitation of the risk of loss can also be agreed upon with lower guarantees in hybrid products. The provider can continuously adjust the allocation of new savings contributions and the composition of the client portfolio. This increased variability may well be perceived as complex. However, it is not detrimental to clients, as it considers their risk appetite in the investment process on a day-to-day basis. This is partly comparable to fund portfolios with automatic rebalancing.</p> <p data-bbox="577 1109 1597 1390">As to the definition of simple products, criteria originating from the securities market cannot simply be transferred directly, while IBIP features such as the long-term duration, agreed benefits at the end of the contract as well as fixed terms and conditions or the inclusion of a financial guarantee or insurance cover should not in any way be assessed negatively by EIOPA. A “complexity scale” adding different rules for every shade of complexity in every part of the consumer journey and life-cycle of the product would not simplify the assessment and would be burdensome to implement.</p> <p data-bbox="577 1433 1585 1460">A product is simple if the potential customer can easily find clear information on the</p>	<p data-bbox="1635 320 2056 384">the risk and potential return of the policy.</p>
--	--	---

		<p>products' risks and understand whether such risks are mitigated or not by financial guarantees, biometric risk covers or other capital protection mechanisms. This can be achieved by re-organising and simplifying the PRIIPs KID: the essential information on the existence or lack of guarantees, the existence or lack of insurance covers and the existence or lack of other capital protection mechanisms should be prominently displayed in the first layer and/or at the top of the document and Insurance Europe would recommend a tick-box option to facilitate consumers' comparison and understanding of the different product features (e.g., "Is money guaranteed?" with YES or NO boxes to be ticked by the product manufacturer; "Does this product provide insurance cover and other benefits?" with YES or NO boxes to be ticked by the product manufacturer and with relevant explanations).</p> <p>As to cost-efficiency, a product is cost-efficient if it meets consumers' demands and needs. This is sufficiently ensured through the IDD provisions, which also provide supervisory authorities with a solid basis to monitor the market and swiftly and efficiently address any grievances even in a fast-evolving market environment.</p> <p>It should also be noted that the basic principles in insurance, in particular the principles of solidarity and mathematical methods, enable cost structures that would not be available on an individual standalone basis. For IBIPs these basic principles are translated into collective asset ownerships that represent an additional layer of protection for the retail investor. Right from the outset, IBIPs enable cost-efficiency and economies of scales.</p>	
VOTUM Verband	Q19	Siehe Antwort auf Frage 17.	
Austrian Federal Economic Chamber, Division Bank and Insurance	Q19	The key objective of providers and regulators should be that every consumer receives a product which is suitable to their specific preferences and needs. Consumers should not be nudged to take their financial decisions solely based on product simplicity and costs, thus selecting sub-optimal options in a "race to the bottom" in terms of quality and innovation.	Eiopa agrees that consumers with the right profile need to access riskier investment solutions. In fact, Eiopa believes that financial risk and complexity are two different dimensions. However, Eiopa wants to

	<p>Higher sophistication can bring better risk mitigation, higher returns and more choices to adapt the product to consumers' evolving needs, especially in the medium-long term since individuals are increasingly required to take responsibility for preparing for retirement themselves. For example, a PEPP or a guaranteed product are regarded as simple although they could apply sophisticated risk-mitigation techniques. Most of the features IBIPs have are also common to the PEPP, like the specified (minimum) death benefit to cover surviving dependents or an annuity factor.</p> <p>It is surprising that in the European Commission's consultation on the Retail Investment Strategy, UCITS were mentioned as less complex products, regardless of structure, costs or investment strategy. While some of these products may, initially, be cheaper, this may come at the price of increased risks for retail investors.</p> <p>Consumers with the right profile need access to riskier investment solutions while those looking for low and medium-risk products should always be able to find a suitable solution. This is a precondition for enabling more risk-averse retail investors to participate in the European capital market. For example, modern investment products often include risk mitigation techniques. These can be guarantees in the products, which the manufacturer can provide through a suitable composition of the general account. An ongoing limitation of the risk of loss can also be agreed upon with lower guarantees in hybrid products. The provider can continuously adjust the allocation of new savings contributions and the composition of the client portfolio. This increased variability may well be perceived as complex. However, it is not detrimental to clients, as it considers their risk appetite in the investment process on a day-to-day basis. This is partly comparable to fund portfolios with automatic rebalancing.</p> <p>As to the definition of simple products, criteria originating from the securities market cannot simply be transferred directly, while IBIPs features such as the long-term duration, agreed benefits at the end of the contract as well as fixed terms and conditions or the inclusion of a financial guarantee or insurance cover should not in any way be assessed negatively by EIOPA. A "complexity scale" adding different rules</p>	<p>limit the possible detriment to customers who, due to the high level of sophistication of the products, may not understand the risk and potential return of the policy.</p> <p>Although the checkbox you suggested is useful, it may not be sufficient due to the high level of complexity of some products that do not allow a YES / NO answer.</p> <p>Furthermore, in EIOPA's opinion, cost efficiency should not be limited to its compatibility with the needs of the target market, since it can also influence the overall value for money of the product which would therefore not be efficient for any customer.</p>
--	---	---

		<p>for every shade of complexity in every part of the consumer journey and life-cycle of the product would not simplify the assessment and would be burdensome to implement.</p> <p>A product is simple if the potential customer can easily find clear information on the products' risks and understand whether such risks are mitigated or not by financial guarantees, biometric risk covers or other capital protection mechanisms. This can be achieved by re-organising and simplifying the PRIIPs KID: the essential information on the existence or lack of guarantees, the existence or lack of insurance covers and the existence or lack of other capital protection mechanisms should be prominently displayed in the first layer and/or at the top of the document and The VVO would recommend a tick-box option to facilitate consumers' comparison and understanding of the different product features (e.g., "Is money guaranteed?" with YES or NO boxes to be ticked by the product manufacturer; "Does this product provide insurance cover and other benefits?" with YES or NO boxes to be ticked by the product manufacturer and with relevant explanations).</p> <p>As to cost-efficiency, a product is cost-efficient if it meets consumers' demands and needs. This is sufficiently ensured through the IDD provisions, which also provide supervisory authorities with a solid basis to monitor the market and swiftly and efficiently address any grievances even in a fast-evolving market environment.</p> <p>It should also be noted that the basic principles in insurance, in particular the principles of solidarity and mathematical methods, enable cost structures that would not be available on an individual standalone basis. For IBIPs these basic principles are translated into collective asset ownerships that represent an additional layer of protection for the retail investor. Right from the outset, IBIPs enable cost-efficiency and economies of scales.</p>	
EIOPA IRSG	Q19	A key part of this discussion is to ensure that consumers can understand the product explanations and descriptions that they are provided with, no matter what their individual circumstances are. This means that consumer disclosures and advice are essential.	EIOPA agrees that, when the product's architecture brings additional protection element this does not increase the risk for consumers.

		<p>The basic principles in insurance, in particular the principles of solidarity and mathematical methods, enable cost structures that would not be available on an individual standalone basis.</p> <p>Certain low cost funds such as “clean share” classes and plain vanilla index ETFs could be offered and promoted as part of the fund choices in the unit-linked IBIPs as a low cost, simple option.</p> <p>There is also a need to take into account the move to unit-linked products that can be more complex and expensive away from the simpler guaranteed products of the past.</p> <p>The key objective is that customers receive products that are suitable to their specific preferences and needs. IBIPs features such as the long-term investment horizon, insurance cover, financial guarantees or other benefits at maturity should not in any way be assessed negatively by EIOPA, as they clearly provide more protection to consumers.</p>	<p>However it can also lead to excessive reliance and safety in product guarantees even when these may be conditioned or limited by some factors.</p>
BIPAR	Q19	<p>Individual preferences, priorities and circumstances differ across consumers.</p> <p>The essential questions that should be asked should be: Is the product sound and transparent and then does it fit for the target market? Are consumer disclosures clear?</p>	<p>Agreed. However, EIOPA also believes these elements need to be taken into account in the POG process.</p>
Assuralia	Q19	<p>Assuralia would like to stress that art.16 of the Commission Delegated Regulation (EU) 2017/2359 is not sufficiently clear in order to provide a clear definition of what is a simple product.</p> <p>Recital 18 of the PRIIPs regulation is much clearer: products that won't fall under the scope of complexity according to Recital 18 PRIIPs, will be considered as simple and should be used, with a small amendment,</p> <p>as “not common” investments are not de facto to be considered as complex and the</p>	<p>Partially agreed. The proposed definition of complexity is similar to EIOPA proposed approach, however, EIOPA believes that a definition that allows a scale of complexity rather than a binary approach is useful.</p>

		<p>definition or Recital 18 should be amended to take this into account. These investments could just be less available to retail customers. By including them in an IBIP retail customers get the opportunity to have access to these investments to which they might otherwise be excluded, even though they could fit consumer needs.</p> <p>The definition would then read as follows: “A product should be regarded as not being simple and as being difficult to understand in particular if it uses a number of different mechanisms to calculate the final return of the investment, creating a greater risk of misunderstanding on the part of the retail investor or if the investment's pay-off takes advantage of retail investor's behavioural biases, such as a teaser rate followed by a much higher floating conditional rate, or an iterative formula.”</p> <p>We also want to stress that the use of a double definition- one for what is complex, and one for what is not complex is to be avoided at all costs. Such an approach could create legal uncertainty for products that don't clearly fall in either of the definitions, thus creating a legal gap. This could also be potentially unfair for customers, due to a subjective and arbitrary approach of the two definitions. Using only a definition of what is complex will guarantee that products are clearly either complex if they fall under the definition, or not complex if they don't fall under the definition.</p> <p>As to cost-efficiency, a product is cost-efficient if it meets consumers' demands and needs. This is sufficiently ensured through the IDD provisions on product oversight and governance, professional advice, distributors continuous training, the suitability test, appropriate pre-contractual disclosures and product monitoring the whole product life cycle. These measures provide supervisory authorities with a solid basis to monitor the market and swiftly and efficiently address any grievances even in a fast-evolving market environment. Plus, the existing competition on the market allow the development of an attractive products offer, where cost-efficiency is intended.</p>	<p>EIOPA also believes that the cost-efficiency of a product can also be evaluated on its own regardless of the characteristics of the target market.</p>
Italian Banking Association	Q19	Please see our answer to Q17.	

<p>AGEA (French association of general insurance agents)</p>	<p>Q19</p>	<p>As of today, and with the steep decrease of single-support products placed on euro funds, the notion of “simple product”, that is not legally defined, is difficult to grasp.</p> <p>This complexity of the products corresponds to the complexity of the financial markets themselves.</p> <p>The causal relationship between product complexity and profitability is not certain, especially when it comes to mid- and long-term investments as shown by financial markets uncertainty and volatility.</p>	<p>EIOPA agrees that the causal relationship between product complexity and profitability is not certain.</p>
<p>ANASF</p>	<p>Q19</p>	<p>We believe that simple products do not currently exist for retail investors.</p>	<p>Agreed. Indeed the advice should promote the offer of simpler products.</p>
<p>Austrian Insurance Association (VVO)</p>	<p>Q19</p>	<p>The key objective of providers and regulators should be that every consumer receives a product which is suitable to their specific preferences and needs. Consumers should not be nudged to take their financial decisions solely based on product simplicity and costs, thus selecting sub-optimal options in a “race to the bottom” in terms of quality and innovation.</p> <p>Higher sophistication can bring better risk mitigation, higher returns and more choices to adapt the product to consumers’ evolving needs, especially in the medium-long term since individuals are increasingly required to take responsibility for preparing for retirement themselves. For example, a PEPP or a guaranteed product are regarded as simple although they could apply sophisticated risk-mitigation techniques. Most of the features IBIPs have are also common to the PEPP, like the specified (minimum) death benefit to cover surviving dependents or an annuity factor.</p> <p>It is surprising that in the European Commission’s consultation on the Retail Investment Strategy, UCITS were mentioned as less complex products, regardless of structure, costs or investment strategy. While some of these products may, initially, be cheaper, this may come at the price of increased risks for retail investors.</p> <p>Consumers with the right profile need access to riskier investment solutions while those looking for low and medium-risk products should always be able to find a</p>	<p>EIOPA agrees that consumers with the right profile need to access riskier investment solutions. In fact, EIOPA believes that financial risk and complexity are two different dimensions. However, EIOPA wants to limit the possible detriment to customers who, due to the high level of sophistication of the products, may not understand the risk and potential return of the policy.</p> <p>Although the checkbox you suggested is useful, it may not be sufficient due to the high level of complexity of some products that do not allow a YES / NO answer.</p> <p>Furthermore, in EIOPA's opinion, cost efficiency should not be limited to its compatibility with the needs of the</p>

	<p>suitable solution. This is a precondition for enabling more risk-averse retail investors to participate in the European capital market. For example, modern investment products often include risk mitigation techniques. These can be guarantees in the products, which the manufacturer can provide through a suitable composition of the general account. An ongoing limitation of the risk of loss can also be agreed upon with lower guarantees in hybrid products. The provider can continuously adjust the allocation of new savings contributions and the composition of the client portfolio. This increased variability may well be perceived as complex. However, it is not detrimental to clients, as it considers their risk appetite in the investment process on a day-to-day basis. This is partly comparable to fund portfolios with automatic rebalancing.</p> <p>As to the definition of simple products, criteria originating from the securities market cannot simply be transferred directly, while IBIPs features such as the long-term duration, agreed benefits at the end of the contract as well as fixed terms and conditions or the inclusion of a financial guarantee or insurance cover should not in any way be assessed negatively by EIOPA. A “complexity scale” adding different rules for every shade of complexity in every part of the consumer journey and life-cycle of the product would not simplify the assessment and would be burdensome to implement.</p> <p>A product is simple if the potential customer can easily find clear information on the products’ risks and understand whether such risks are mitigated or not by financial guarantees, biometric risk covers or other capital protection mechanisms. This can be achieved by re-organising and simplifying the PRIIPs KID: the essential information on the existence or lack of guarantees, the existence or lack of insurance covers and the existence or lack of other capital protection mechanisms should be prominently displayed in the first layer and/or at the top of the document and the VVO would recommend a tick-box option to facilitate consumers’ comparison and understanding of the different product features (e.g., “Is money guaranteed?” with YES or NO boxes to be ticked by the product manufacturer; “Does this product provide insurance cover and other benefits?” with YES or NO boxes to be ticked by the product manufacturer</p>	<p>target market, since it can also influence the overall value for money of the product which would therefore not be efficient for any customer.</p>
--	---	---

		<p>and with relevant explanations).</p> <p>As to cost-efficiency, a product is cost-efficient if it meets consumers' demands and needs. This is sufficiently ensured through the IDD provisions, which also provide supervisory authorities with a solid basis to monitor the market and swiftly and efficiently address any grievances even in a fast-evolving market environment.</p> <p>It should also be noted that the basic principles in insurance, in particular the principles of solidarity and mathematical methods, enable cost structures that would not be available on an individual standalone basis. For IBIPs these basic principles are translated into collective asset ownerships that represent an additional layer of protection for the retail investor. Right from the outset, IBIPs enable cost-efficiency and economies of scales.</p>	
<p>Bund der Versicherten (BdV - German Association of Insured)</p>	<p>Q19</p>	<p>First we stress that we fully agree with EIOPA's conclusions pointed out in the last Costs and Past Performances Report (cf. no. 191 of CP, p. 93). These conclusions show the ongoing severe issues of opaque costs and charges of IBIPs which continue to cause severe detrimental impacts for policyholders.</p> <p>That is why - secondly - we think that - up to now - the PEPP Regulations (especially recital 8 and article 4 of 2019/1238/EU and articles 12 to 17 of 2021/473/EU) are the best examples for defining "simple, cost-efficient and transparent" pension products. The requirements for costs and charges of the Basic PEPP ought to be applied to IBIPs as well.</p> <p>But because there are not yet any PEPPs available on the market (start only in March 2022), in consequence the only already existing "packaged" retail investment products which we consider as simple and cost-efficient as possible are ETFs (Exchange Traded Funds) - under the condition that they fulfill the requirements of the EU regulations of UCITs (like 2009/65/EC and others). ETFs may be used for long-term savings of retirement provision accompanied by separate policies for biometric risk coverage of death or disability or long-term care (cf. our comment on Q 15).</p>	<p>Partially disagree. While ETFs can be used for long-term social security savings accompanied by separate policies for covering the biometric risk of death or disability or for long-term care, we should also promote simpler and cost-efficient IBIPs.</p>

<p>Fédération Bancaire Française</p>	<p>Q19</p>	<p>We are of the opinion that there is no strict link between simplicity and low cost. A unit/fund can be non-complex, but its portfolio management may be very sophisticated, highly specialized and then charged with high management fees. What is important for the investor is the performance of each unit compared to others with a similar level of risk.</p>	<p>Eiopa agrees that there is no direct link between simplicity and low costs however, since costs have a significant impact on the expected return, in the presence of complex cost structures, consumers may not be able to fully understand the impact of costs.</p>
<p>Gesamtverband der Deutschen Versicherungswirtschaft e. V.</p>	<p>Q19</p>	<p>Please see our comments on Question 17.</p> <p>As regards the investment of IBIPs, we agree with Eiopa that the collective investment including profit participation its features, in terms of risks, costs, rewards, are relatively simple to understand if properly explained. The same applies to hybrid products that invest in a mixture of collective investment and non-complex funds due to the IDD suitability assessment regarding the guarantee and risk appetite of consumers. It should be duly considered and communicated to the EU Commission, that similar constructions also exist in other financial sectors and are deemed non-complex (e.g., UCITS funds).</p> <p>Also, the guarantee does not add complexity to the IBIP. In Germany, it is a key feature of the product which consumers often demand. Of course, the nature of the guarantee must be clear, transparent, and of value.</p> <p>Analogously, an early redemption structure does not add complexity, if it is regulated in a clear, transparent, and comprehensible manner. This can be generally fulfilled if a surrender value table is provided.</p> <p>As regards costs, for German IBIPs a cost indicator such as RIY leads to full transparency - in particular, there is no need for restrictions on the cost structure. The same applies for example to UCITS funds that may have a sophisticated costs structure that is represented in a single cost figure. In addition, German insurers are legally obliged to share surpluses with policyholders.</p>	<p>Eiopa agrees that the guarantee itself does not add complexity to IBIP, however sometimes it may have limitations or unclear mechanisms that cause an overestimation of the safety of the product from the customer.</p> <p>Eiopa also agrees that restrictions on the cost structure should not be introduced, hence, why the pros and cons of cost caps are duly explored in the advice and why the final advice focuses on the process.</p>

ING Bank NV	Q19	In general we see for e.g. the PPI products that overtime with the help of IDD these products became simpler and more cost efficient. By untying the PPI with loans it became more transparent for customers what they bought as well as having the options to buy and choose components themselves.	Many thanks for the inputs.
Bundesverband Deutscher Vermögensberater	Q19	Wir verweisen auf die Antwort zu Frage 17. Wenn überhaupt sind einfache IBIP's nur dann möglich, wenn die integrierten Fondslösungen wenig Komplexität aufweisen. Komplexe Fondskonstruktionen, deren Anlageschwerpunkte und deren Risiken und Chancen schwer durchschaubar oder möglicherweise sogar dynamisch sind, sind für Kleinanleger mit geringem Finanzwissen nur sehr bedingt geeignet.	Partially agreed. EIOPA believes complexity is also due to other factors as well.
Actuarial Association of Europe	Q19	<p>With regards to cost efficiency, the breakdown of costs between distribution and administrative costs appears to us as a far too simplistic view. We draw attention to the following points:</p> <ul style="list-style-type: none"> • some fee structures, although very transparent and simple for the client, do not allow for a proper distinction between distribution and management fees; • In general, value for money should be assessed on the basis of costs (paid by the client) and not expenses (incurred by the insurer), which depend on its competitiveness: in this respect, we are dubious about the notion of proportionality (which is related to the problem of concepts whose definition is very uncertain) • the desire to break down the cost structures between the components of a product (guarantees and associated services, including advisory services) adds an additional dimension of complexity which seems to us to clearly condemn the approach to a dead end. 	Agreed.
Die Deutsche Kreditwirtschaft	Q19		
Allianz SE	Q19	Any proposals for "simpler" products must be market tested for reasonableness for all parties, including the customer and the manufacturer. We observe that some degree of product sophistication is often required to meet the customers' demands and needs and that its intrinsic "simplicity" is no guarantee of a better fit.	Agreed.
FECIF	Q19	See answer to question 17.	

Sparbanken Skåne AB (publ)	Q19	A unit-linked product without any related risk insurance.	Partially agree. This may not be sufficient. Unit-linked products should also have a plain investment strategy and operating mechanism.
VOTUM Verband	Q19	See answer to question 17.	
Question 20: Do you consider, as an external stakeholder, that other measures could be more effective in ensuring cost efficiency? Examples of such measures could include amending the wording of the POG Delegated Regulation and state more clearly that, in the product testing, manufacturers should also assess whether costs may be too high and hence not to fit for any target market			
Polish Chamber of Insurance	Q20	<ul style="list-style-type: none"> PIU does not agree that t CMU's goal of attracting more retail investors can be achieved by limiting the product range available on the market and setting high hurdles for distribution. A broad product range and functioning distribution systems coped with better disclosures in the PRIIPs KID and more ambitious financial literacy targets are the essential prerequisites for the CMU success. 	Partially agreed. A wide range of products available on the market is a positive element for customers. However, this does not mean that all types of products need to be subject to the same level of regulatory requirements.
BETTER FINANCE	Q20	<p>In this sense, we draw attention to the conclusions put forward in EIOPA's consultation on value for money in the unit-linked insurance market, which should be extended to all types of IBIPs. Cost-efficiency, per se, can be argued in many cases by product manufacturers, but an adequate benchmark and additional references, amounting to value for money for consumers, are needed. Indeed, as identified by EIOPA, product manufacturers should ensure by design value for money for their customers, i.e. these assessments must start with the product approval process.</p> <p>In addition, it is important how to assess the costs, and in this light we draw to our conclusions on the PRIIPs KID and the workstream from the PEPP KID on the inadequacy of the reduction-in-yield as a cost indicator. Should such an approach (of cost estimations) be preserved, we prefer the Reduction-in-Wealth proposed by BdV, which is used for the PEPP Benefit Statement.</p>	While EIOPA agrees with this, further time would be required to explore this aspect in details.
Irish Life Assurance PLC	Q20		-
Unipol Gruppo S.p.A.	Q20	We believe that no further regulatory measures are needed to ensure cost efficiency since the current regulatory framework already provides for detailed rules on POG. In fact, the regulatory framework on the POG is complete and already requires insurers	Disagree. Unfortunately, the need for further regulatory interventions is dictated by the fact that the level of

		<p>to design products that meet the demands of the target market and to perform extensive tests on these products.</p> <p>Cases of non-compliance with these provisions, these should be remedied by the competent national supervisory authority. In this regard, it is worth considering that the current regulatory framework already allows national competent authorities and EIOPA to intervene by prohibiting (or persuading insurers to stop) the marketing of certain products delivering low value for money due to excessive costs that may erode most of the potential return, especially when financial markets deliver low returns,</p> <p>Non-compliance with existing regulation cannot be remedied by more regulation.</p> <p>In light of the above, we believe that policy-makers should avoid introducing further legal requirements that could limit the contractual and business freedom of the companies. Instead, the supervisory authorities should keep monitoring closely the overall value for money and intervening on a case-by-case basis when insurers try to market products that do not meet the minimum standards.</p> <p>On their side, insurers can play their part in trying to mitigate distribution costs by investing in automation and digitalization in order to reduce marketing costs and achieving a more efficient operation and IT integration with their partners.</p>	<p>implementation of current legislation is not sufficient to design and sell products in the best interest of the customers. Moreover, the final advice does not introduce any additional requirements but rather targeted clarifications.</p>
Dutch Association of Insurers	Q20		-
France Assureurs (Fédération Française de l'Assurance)	Q20	<p>Product design and testing as per POG rules, professional advice, distributors' continuous training, the suitability/appropriateness/demands and needs test, appropriate pre-contractual disclosures and product monitoring already ensure a high level of consumer protection through the whole product life cycle. They provide supervisory authorities with a solid basis to monitor the market and swiftly and efficiently address any grievances even in a fast-evolving market environment. Under the PRIIPs Regulation, EIOPA and supervisory authorities are conferred with appropriate product intervention powers.</p>	<p>A wide range of products available on the market is a positive element for customers. However, this does not mean that all types of products need to be subject to the same POG process; hence the aim of introduce clarifications to ensure the POG process is proportional to the</p>

	<p data-bbox="580 355 1608 596">Any cost cap or de facto profit control within POG would be incompatible with the prudential regulation (Article 21 Solvency II): cost management is primarily the responsibility of the product provider and the supervisor only insofar as the tariff must not jeopardize the financial situation of the insurer. Furthermore, IDD Level 2 clearly states that the POG rules should not be understood as an interference with the manufacturers' freedom to set premiums or as price control in any form (Commission Delegated Regulation (EU) 2017/2358, Recital 8).</p> <p data-bbox="580 643 1559 884">Benchmarks, for example on distribution or advisory costs, might have the same negative effects on the market as a legal cap on costs. For example, potential benchmarks or upper limits on distribution and advisory costs as mentioned in paragraph 214 might have the unintended negative consequence to decrease the standards for the continuing training and the advisory processes to the absolute minimum, which would ultimately not be in the best interest of the consumer and would run counter the CMU goal to enhance trustworthy high-quality advice.</p> <p data-bbox="580 930 1592 1062">The IBIPs market is very heterogeneous, and limiting the distribution of certain products would decrease consumers' choice and would not help them find products that best fit their investment preferences. Cost transparency is key in contributing to cost-efficiency.</p> <p data-bbox="580 1109 1503 1171">As to the proposal of a ban on inducements for highly complex or highly risky products this would be excessive and disproportionate intervention:</p> <ul data-bbox="580 1217 1592 1458" style="list-style-type: none"> • Firstly, highly complex or risky products are not per se harmful to consumers. Of course, to assess the appropriate risk-return trade-off, many factors need to be considered, including the consumer's overall risk tolerance, investment horizon and objectives. All these elements are considered in the definition of the product's target market, based on the POG process under the IDD. In the pre-sale phase, a suitability test is then performed with customers, to check their investor profile and their correspondence with the product's target market. If highly complex or highly risky 	<p data-bbox="1637 320 2078 379">complexity and cost-efficiency of the products.</p>
--	--	--

		<p>products are an appropriate solution for a certain segment of consumers, according to the suitability test, it would be inappropriate to prohibit any possibility to offer them such products. Generally speaking, this measure would limit the product offering and consumers' choice, as well as the possibility for the retail investors with the appropriate profile to grasp more profitable returns or diversify their portfolio.</p> <ul style="list-style-type: none"> • Secondly, an accurate definition of such a category is difficult, particularly with respect to the heterogeneous IBIPs market. Therefore, there is a high risk that certain products will not be offered at all, just to avoid compliance risks due to difficulties in interpreting the definition. • Thirdly, it is precisely for these products that consumers need comprehensive, unlimited-time advice, potentially provided by several people and financed on a solidarity basis. <p>Ultimately, it seems illogical that CMU's goal of attracting more retail investors can be achieved by limiting the product range available on the market and setting high hurdles for distribution. A broad product range and functioning distribution systems coped with better disclosures in the PRIIPs KID and more ambitious financial literacy targets are the essential prerequisites for the CMU success.</p>	
Länsförsäkringar	Q20		-
ASSORETI - Association of intermediaries which provide investment advice service through their network of qualified individual financial advisors.	Q20		-
Insurance Ireland	Q20	We believe that the existing information requirements under the IDD, POG and PRIIPs as a whole already present a sound (if burdensome) framework to protect the interests of consumers with the POG requirements preventing the distribution of products where costs result in the product not meeting the objectives of the target	Agreed. EIOPA final advice explores the pros and cons of introducing cost caps whilst proposing only targeted measures to ensure cost-efficiency is

		<p>market. We believe that the consistent application of the provisions would constitute an appropriate level of consumer protection.</p> <p>Cost caps may have adverse impacts on choice and competition and we agree with Insurance Europe that it would be incompatible with prudential regulation (Article 21 of Solvency II). It would be excessive and disproportionate.</p> <p>Furthermore, the implementation of costs caps would likely hinder access to financial advice, and provide for the emergence of “advice gaps” within the market. An intermediary provides an advice service that is of real benefit to customers and this should not be hindered by such measures. This would not increase consumers’ investment in financial instruments which is the stated aim of the CMU initiative. A decrease in consumers’ investment could be possible due a reduced access to professional advice and limited product range due to high burdens on distribution.</p>	<p>taken into account in the POG process.</p>
<p>BEUC, The European Consumer Organisation</p>	<p>Q20</p>	<p>Firms should ensure that the products and services that they offer to consumers are fit for purpose and offer fair value for money to consumers. Products with excessive fees that are unlikely to break even or generate returns should not be marketed or sold to consumers, and we would support stricter ‘value for money’ measures under the POG Delegated Regulation to require manufacturers to assess value for money when designing unit-linked life insurance products. We support several of the principles proposed by EIOPA to assess value for money in the unit-linked market, and believe that (see also our response to EIOPA’s consultation on value for money):</p> <ul style="list-style-type: none"> • Firms should be required to demonstrate (through their POG processes) that the benefits of their products and services are reasonable relative to their price. • Firms should be able to document that they have carried out such assessments and be required to demonstrate to supervisors that the benefits associated with their products were reasonable relative to their price. • When carrying out such assessment, firms should be required to assess their offerings in comparison to other comparable products available on the market. 	<p>Partially agreed - banning inducements require a careful balancing. EIOPA in its final advice EIOPA proposes to ensure costs and commissions are duly taken into account in the POG process.</p>

		<ul style="list-style-type: none"> • Where there is evidence that the prices and charges or underlying investment funds do not offer fair value to consumers, then these charges should be reviewed and/or reduced. <p>However, given the complexity of unit-linked products, financial advice is often necessary in order to help consumers to make the right choice. BEUC therefore believes that, especially for such complex products as unit-linked life insurance products, the most targeted and most effective measure would be to implement an EU-wide ban on the payment of inducements.</p>	
ANIA	Q20	<p>Product design and testing as per POG rules, professional advice, distributors' continuous training, the suitability/appropriateness/demands and needs test, appropriate pre-contractual disclosures and product monitoring already ensure a high level of consumer protection through the whole product life cycle. They provide supervisory authorities with a solid basis to monitor the market and swiftly and efficiently address any grievances even in a fast-evolving market environment. Under the PRIIPs Regulation, EIOPA and supervisory authorities are conferred with appropriate product intervention powers. Moreover, EIOPA in his recent Supervisory Statement on value for money, has already stated detailed criteria to assess whether costs may be too high and hence not to fit for any target market.</p> <p>Any cost cap or de facto profit control within POG would be incompatible with the prudential regulation (Article 21 Solvency II): cost management is primarily the responsibility of the product provider and the supervisor only insofar as the tariff must not jeopardize the financial situation of the insurer. Furthermore, IDD Level 2 clearly states that the POG rules should not be understood as an interference with the manufacturers' freedom to set premiums or as price control in any form (Commission Delegated Regulation (EU) 2017/2358, Recital 8).</p> <p>Benchmarks, for example on distribution or advisory costs, might have the same negative effects on the market as a legal cap on costs. For example, potential benchmarks or upper limits on distribution and advisory costs as mentioned in</p>	<p>Partially agreed. EIOPA recognizes your opposition to the proposal for a cap on costs and to a ban on incentives and its final advice it only explored pros and cons whilst advising on ensuring cost-efficiency is taken into account in the POG process.</p> <p>It is not EIOPA's intention to limit the distribution of some products but we believe that the costs have a strong impact on the expected performance and on the value for money in general and that transparency may not be sufficient to make all consumers fully aware.</p>

	<p>paragraph 214 might have the unintended negative consequence to decrease the standards for the continuing training and the advisory processes to the absolute minimum, which would ultimately not be in the best interest of the consumer and would run counter the CMU goal to enhance trustworthy high-quality advice.</p> <p>The IBIPs market is very heterogeneous, and limiting the distribution of certain products would decrease consumers' choice and would not help them find products that best fit their investment preferences. Cost transparency is key in contributing to cost-efficiency and in this respect the Reduction in Yield (RiY) used in the PRIIPs KID is a solid and accurate indicator.</p> <p>As to the proposal of a ban on inducements for highly complex or highly risky products this would be excessive and disproportionate intervention:</p> <ul style="list-style-type: none"> • Firstly, highly complex or risky products are not per se harmful to consumers. Of course, to assess the appropriate risk-return trade-off, many factors need to be considered, including the consumer's overall risk tolerance, investment horizon and objectives. All these elements are considered in the definition of the product's target market, based on the POG process under the IDD. In the pre-sale phase, a suitability test is then performed with customers, to check their investor profile and their correspondence with the product's target market. If highly complex or highly risky products are an appropriate solution for a certain segment of consumers, according to the suitability test, it would be inappropriate to prohibit any possibility to offer them such products. Generally speaking, this measure would limit the product offering and consumers' choice, as well as the possibility for the retail investors with the appropriate profile to grasp more profitable returns or diversify their portfolio. • Secondly, an accurate definition of such a category is difficult, particularly with respect to the heterogeneous IBIPs market. Therefore, there is a high risk that certain products will not be offered at all, just to avoid compliance risks due to difficulties in interpreting the definition. 	
--	--	--

		<ul style="list-style-type: none"> • Thirdly, it is precisely for these products that consumers need adequate and thorough: prohibiting incentives would effectively prevent the advisory service by exposing consumers to the risk of buying products that do not suit their characteristics and expectations. <p>Ultimately, it seems illogical that CMU's goal of attracting more retail investors can be achieved by limiting the product range available on the market and setting high hurdles for distribution. A broad product range and functioning distribution systems coped with better disclosures in the PRIIPs KID and more ambitious financial literacy targets are the essential prerequisites for the CMU success.</p>	
ACA	Q20		-
Institut des actuaires (France)	Q20	<p>Two considerations seem important to us with regard to cost efficiency.</p> <ul style="list-style-type: none"> • On the one hand, the document mentions fees that are in absolute terms extremely high, requiring a return of 4 to 5% per year over long periods so that the investor can only recover his invested savings at the end. These situations clearly seem abnormal. In general, it is very difficult to address the issue of cost efficiency through regulatory measures, as cost efficiency is in itself difficult to define and cannot fit into binary categories of efficient / inefficient. On the other hand, the fee levels mentioned in the report seem to us to constitute extremes that clearly carry a presumption of non-efficiency. Without ruling out the possibility of a dedicated warning on these very specific levels, it seems to us that the POG framework, properly implemented and enforced by an efficient supervision, should address such kinds of problematic situations. • On the other hand, the temptation to establish a link between guarantees, actual costs and charges, even if only by distinguishing between distribution costs and administration costs, seems to us to be a very bad way forward which ignores both the practical limits of cost accounting and the economic model of life insurance. <p>Assessing the expenses borne by the insurer for conceiving, developing, managing and selling a product always rely on a great extend to formal and rather theoretic or</p>	<p>EIOPA disagrees that due to cost accounting we should not try to identify a link between guarantees, actual costs and charges.</p> <p>Regarding your observation that distinct products within the same product line cannot be separated in economic terms due to the very long-term operation and mutualisation inherent in life insurance, we believe it is less relevant for IBIPs.</p>

		arbitrary conventions so as to allow the costs. These considerations are questionable even in the framework of the insurance entity's own cost control. It would therefore be difficult for reasons of legal certainty to base a regulatory assessment on these evaluations. The very long-term operation of insurance and the mutualisation inherent to life insurance also leads to a more sophisticated view since, in many respects, distinct products within the same product line cannot be separated in economic terms.	
Spanish Banking Association	Q20		-
Bundesarbeitsgemeinschaft zur Förderung der Versicherungsmakler (BFV)	Q20		-
Insurance Europe	Q20	<p>Product design and testing as per POG rules, professional advice, distributors' continuous training, the suitability/appropriateness/demands and needs test, appropriate pre-contractual disclosures and product monitoring already ensure a high level of consumer protection through the whole product life cycle. They provide supervisory authorities with a solid basis to monitor the market and swiftly and efficiently address any grievances even in a fast-evolving market environment. Under the PRIIPs Regulation, EIOPA and supervisory authorities are conferred with appropriate product intervention powers.</p> <p>Any cost cap or de facto profit control within POG would be incompatible with the prudential regulation (Article 21 Solvency II): cost management is primarily the responsibility of the product provider and the supervisor only insofar as the tariff must not jeopardize the financial situation of the insurer. Furthermore, IDD Level 2 clearly states that the POG rules should not be understood as an interference with the manufacturers' freedom to set premiums or as price control in any form (Commission Delegated Regulation (EU) 2017/2358, Recital 8).</p> <p>Benchmarks, for example on distribution or advisory costs, might have the same negative effects on the market as a legal cap on costs. For example, potential benchmarks or upper limits on distribution and advisory costs as mentioned in</p>	<p>Partially agreed. EIOPA recognizes your opposition to the proposal for a cap on costs and to a ban on incentives and its final advice it only explored pros and cons whilst advising on ensuring cost-efficiency is taken into account in the POG process. It is not EIOPA's intention to limit the distribution of some products but we believe that the costs have a strong impact on the expected performance and on the value for money in general and that transparency may not be sufficient to make all consumers fully aware.</p>

	<p>paragraph 214 might have the unintended negative consequence of decreasing the standards for the continuing training and the advisory processes to the absolute minimum, which would ultimately not be in the best interest of the consumer and would run counter the CMU goal to enhance trustworthy high-quality advice.</p> <p>The IBIP market is very heterogeneous, and limiting the distribution of certain products would decrease consumers' choice and would not help them find products that best fit their investment preferences. Cost transparency is key in contributing to cost-efficiency and in this respect the Reduction in Yield (RiY) used in the PRIIPs KID is a solid and accurate indicator.</p> <p>As to the proposal of a ban on inducements for highly complex or highly risky products this would be excessive and disproportionate intervention:</p> <ul style="list-style-type: none"> - Firstly, highly complex or risky products are not per se harmful to consumers. Of course, to assess the appropriate risk-return trade-off, many factors need to be considered, including the consumer's overall risk tolerance, investment horizon and objectives. All these elements are considered in the definition of the product's target market, based on the POG process under the IDD. In the pre-sale phase, a suitability test is then performed with customers, to check their investor profile and their correspondence with the product's target market. If highly complex or highly risky products are an appropriate solution for a certain segment of consumers, according to the suitability test, it would be inappropriate to prohibit any possibility to offer them such products. Generally speaking, this measure would limit the product offering and consumers' choice, as well as the possibility for the retail investors with the appropriate profile to grasp more profitable returns or diversify their portfolio. - Secondly, an accurate definition of such a category is difficult, particularly with respect to the heterogeneous IBIPs market. Therefore, there is a high risk that certain products will not be offered at all, just to avoid compliance risks due to difficulties in interpreting the definition. 	
--	---	--

		<p>- Thirdly, it is precisely for these products that consumers need comprehensive, unlimited-time advice, potentially provided by several people and financed on a solidarity basis.</p> <p>Ultimately, it seems illogical that CMU goal of attracting more retail investors can be achieved by limiting the product range available on the market and setting high hurdles for distribution. A broad product range and functioning distribution systems coupled with better disclosures in the PRIIPs KID and more ambitious financial literacy targets are the essential prerequisites for the CMU success.</p>	
VOTUM Verband	Q20	<p>Siehe Antwort auf Frage 17.</p> <p>Die Einführung einer verpflichtenden Kostenprüfung im POG lehnen wir sowohl für Hersteller, als auch für Vermittler ab. Wir sehen hierin auch einen unzulässigen Eingriff in die marktwirtschaftliche Produktgestaltungshoheit der Anbieter. Zudem werden hierdurch Produkte für unterschiedliche Märkte unter unzulässigen Bedingungen verglichen. So können beispielsweise IBIPs, die allein für Honorarberatungsangebote entwickelt werden, mit einer anderen Kostenstruktur geplant werden als solche, bei denen die Vermittlungsvergütung im Produkt inkludiert ist.</p>	<p>Agreed. EIOPA acknowledges your objection to a cost cap, pros and cons are explored in the final advice whilst advising to clarify requirements to ensure cost-efficiency is taken into account in the POG process.</p>
Austrian Federal Economic Chamber, Division Bank and Insurance	Q20	<p>Product design and testing as per POG rules, professional advice, distributors' continuous training, the suitability/appropriateness/demands and needs test, appropriate pre-contractual disclosures and product monitoring already ensure a high level of consumer protection through the whole product life cycle. They provide supervisory authorities with a solid basis to monitor the market and swiftly and efficiently address any grievances even in a fast-evolving market environment. Under the PRIIPs Regulation, EIOPA and supervisory authorities are conferred with appropriate product intervention powers.</p> <p>Any cost cap or de facto profit control within POG would be incompatible with the</p>	<p>Partially agreed. EIOPA recognizes your opposition to the proposal for a cap on costs and to a ban on incentives and its final advice it only explored pros and cons whilst advising on ensuring cost-efficiency is taken into account in the POG process.</p> <p>It is not EIOPA's intention to limit the distribution of some products but we</p>

	<p>prudential regulation (Article 21 Solvency II): cost management is primarily the responsibility of the product provider and the supervisor only insofar as the tariff must not jeopardize the financial situation of the insurer. Furthermore, IDD Level 2 clearly states that the POG rules should not be understood as an interference with the manufacturers' freedom to set premiums or as price control in any form (Commission Delegated Regulation (EU) 2017/2358, Recital 8).</p> <p>Benchmarks, for example on distribution or advisory costs, might have the same negative effects on the market as a legal cap on costs. For example, potential benchmarks or upper limits on distribution and advisory costs as mentioned in paragraph 214 might have the unintended negative consequence to decrease the standards for the continuing training and the advisory processes to the absolute minimum, which would ultimately not be in the best interest of the consumer and would run counter the CMU goal to enhance trustworthy high-quality advice.</p> <p>The IBIPs market is very heterogeneous, and limiting the distribution of certain products would decrease consumers' choice and would not help them find products that best fit their investment preferences. Cost transparency is key in contributing to cost-efficiency and in this respect the Reduction in Yield (RiY) used in the PRIIPs KID is a solid and accurate indicator.</p> <p>As to the proposal of a ban on inducements for highly complex or highly risky products this would be excessive and disproportionate intervention:</p> <ul style="list-style-type: none"> • Firstly, highly complex or risky products are not per se harmful to consumers. Of course, to assess the appropriate risk-return trade-off, many factors need to be considered, including the consumer's overall risk tolerance, investment horizon and objectives. All these elements are considered in the definition of the product's target market, based on the POG process under the IDD. In the pre-sale phase, a suitability test is then performed with customers, to check their investor profile and their correspondence with the product's target market. If highly complex or highly risky products are an appropriate solution for a certain segment of consumers, according to 	<p>believe that the costs have a strong impact on the expected performance and on the value for money in general and that transparency may not be sufficient to make all consumers fully aware.</p>
--	--	---

		<p>the suitability test, it would be inappropriate to prohibit any possibility to offer them such products. Generally speaking, this measure would limit the product offering and consumers' choice, as well as the possibility for the retail investors with the appropriate profile to grasp more profitable returns or diversify their portfolio.</p> <ul style="list-style-type: none"> • Secondly, an accurate definition of such a category is difficult, particularly with respect to the heterogeneous IBIPs market. Therefore, there is a high risk that certain products will not be offered at all, just to avoid compliance risks due to difficulties in interpreting the definition. • Thirdly, it is precisely for these products that consumers need comprehensive, unlimited-time advice, potentially provided by several people and financed on a solidarity basis. <p>Ultimately, it seems illogical that CMU's goal of attracting more retail investors can be achieved by limiting the product range available on the market and setting high hurdles for distribution. A broad product range and functioning distribution systems coped with better disclosures in the PRIIPs KID and more ambitious financial literacy targets are the essential prerequisites for the CMU success</p>	
EIOPA IRSG	Q20	<p>Some members of the IRSG believe that product design and testing under the POG rules, professional advice, distributors continuous training, suitability test, appropriate pre-contractual disclosures and product monitoring already ensure a high level of consumer protection through the whole product life cycle, so there is no need to introduce further limitations to the product design and distribution. EIOPA and national supervisory authorities already have appropriate powers to monitor the market and intervene when necessary.</p> <p>Other members of the IRSG believe that amending the wording of the POG Delegated Regulation and state more clearly that manufacturers should also assess whether costs may be too high and hence not to fit for any target market would be a positive step forward.</p>	<p>EIOPA agrees that clarifying the POG Delegated Regulation and stating more clearly that manufacturers should also consider whether the costs might be too high and therefore not adapting to any target market would be a positive step forward. These aspects have been put forward in the final advice.</p>

BIPAR	Q20	Product design and testing as per POG rules, intermediation, advice, distributors' continuous training, suitability test, appropriate pre-contractual disclosures and product monitoring already ensure a high level of consumer protection through the whole product life-cycle, so there is no need to introduce further limitations to the product design and distribution. Supervisors have the powers to deal with individual cases.	It is not EIOPA's intention to limit product design, however, we think that complexity should be taken in the product design process.
Assuralia	Q20	<p>Product design and testing as per POG rules – especially the requirement of 'Value for money', professional advice, distributors' continuous training, the suitability test, appropriate pre-contractual disclosures and product monitoring already ensure a high level of consumer protection through the whole product life cycle. They provide supervisory authorities with a solid basis to monitor the market and swiftly and efficiently address any grievances even in a fast-evolving market environment. Under the PRIIPs Regulation, EIOPA and supervisory authorities are conferred with appropriate product intervention powers.</p> <p>We do not see the added value of overburden the POG rules, as it could complexify the sale process. Moreover, the value for money could be ensured under existing POG rules, as already expressed by EIOPA. We are also concerned that adding additional rules to seek cost efficiency will make existing obligations even more burdensome.</p> <p>Assuralia would like to underline the fact that there should be no confusion between security and complexity. Complexity isn't always insecure, and security comes at a price. Equalling this to complexity could be seriously detrimental to consumers, as this would limit the product offering with a capital guarantee or protection and thus consumers' choice.</p>	EIOPA agrees that complexity does not always result in safer products. However, the policyholder may place excessive reliance on some products even when this is subject to limitations and constraints.
Italian Banking Association	Q20	Please see our answer to Q17.	-
AGEA (French association of general insurance agents)	Q20	N/A	-
ANASF	Q20	We believe it is difficult for manufacturers to cluster products based on cost. The most effective measure of cost efficiency is transparency, just as it is in the financial sector.	Disagree. Since costs have a major impact on expected performance,

			transparency is not enough to handle overpriced products.
Austrian Insurance Association (VVO)	Q20	<p>Product design and testing as per POG rules, professional advice, distributors' continuous training, the suitability/appropriateness/demands and needs test, appropriate pre-contractual disclosures and product monitoring already ensure a high level of consumer protection through the whole product life cycle. They provide supervisory authorities with a solid basis to monitor the market and swiftly and efficiently address any grievances even in a fast-evolving market environment. Under the PRIIPs Regulation, EIOPA and supervisory authorities are conferred with appropriate product intervention powers.</p> <p>Any cost cap or de facto profit control within POG would be incompatible with the prudential regulation (Article 21 Solvency II): cost management is primarily the responsibility of the product provider and the supervisor only insofar as the tariff must not jeopardize the financial situation of the insurer. Furthermore, IDD Level 2 clearly states that the POG rules should not be understood as an interference with the manufacturers' freedom to set premiums or as price control in any form (Commission Delegated Regulation (EU) 2017/2358, Recital 8).</p> <p>Benchmarks, for example on distribution or advisory costs, might have the same negative effects on the market as a legal cap on costs. For example, potential benchmarks or upper limits on distribution and advisory costs as mentioned in paragraph 214 might have the unintended negative consequence to decrease the standards for the continuing training and the advisory processes to the absolute minimum, which would ultimately not be in the best interest of the consumer and would run counter the CMU goal to enhance trustworthy high-quality advice.</p> <p>The IBIPs market is very heterogeneous, and limiting the distribution of certain products would decrease consumers' choice and would not help them find products that best fit their investment preferences. Cost transparency is key in contributing to cost-efficiency and in this respect the Reduction in Yield (RiY) used in the PRIIPs KID is a solid and accurate indicator.</p>	<p>Partially agreed. EIOPA recognizes your opposition to the proposal for a cap on costs and to a ban on incentives and its final advice it only explored pros and cons whilst advising on ensuring cost-efficiency is taken into account in the POG process.</p> <p>It is not EIOPA's intention to limit the distribution of some products but we believe that the costs have a strong impact on the expected performance and on the value for money in general and that transparency may not be sufficient to make all consumers fully aware.</p>

	<p>As to the proposal of a ban on inducements for highly complex or highly risky products this would be excessive and disproportionate intervention:</p> <ul style="list-style-type: none"> • Firstly, highly complex or risky products are not per se harmful to consumers. Of course, to assess the appropriate risk-return trade-off, many factors need to be considered, including the consumer’s overall risk tolerance, investment horizon and objectives. All these elements are considered in the definition of the product’s target market, based on the POG process under the IDD. In the pre-sale phase, a suitability test is then performed with customers, to check their investor profile and their correspondence with the product’s target market. If highly complex or highly risky products are an appropriate solution for a certain segment of consumers, according to the suitability test, it would be inappropriate to prohibit any possibility to offer them such products. Generally speaking, this measure would limit the product offering and consumers’ choice, as well as the possibility for the retail investors with the appropriate profile to grasp more profitable returns or diversify their portfolio. • Secondly, an accurate definition of such a category is difficult, particularly with respect to the heterogeneous IBIPs market. Therefore, there is a high risk that certain products will not be offered at all, just to avoid compliance risks due to difficulties in interpreting the definition. • Thirdly, it is precisely for these products that consumers need comprehensive, unlimited-time advice, potentially provided by several people and financed on a solidarity basis. <p>Ultimately, it seems illogical that CMU's goal of attracting more retail investors can be achieved by limiting the product range available on the market and setting high hurdles for distribution. A broad product range and functioning distribution systems coped with better disclosures in the PRIIPs KID and more ambitious financial literacy targets are the essential prerequisites for the CMU success.</p>	
--	--	--

<p>Bund der Versicherten (BdV - German Association of Insured)</p>	<p>Q20</p>	<p>From the very beginning of consultations on forthcoming regulations of PRIIPs and PEPP we have always insisted on our assessment that the Reduction in Yield is not a reliable aggregate figure for measuring and ensuring cost efficiency. This is mainly due to the fact that the calculation of the RiY is solely based on assumed returns which are not even disclosed and put in relation to other figures (absolute or percentages).</p> <p>Instead of the RiY we had proposed the use of the "Reduction in Wealth" method which was eventually introduced by the PEPP Regulation for the Pension Benefit Statement (2021/473/EU, Annex III, Part III, no. 30): "The 'Reduction in Wealth' shall be calculated as the difference between the projected accumulated savings at the end of the accumulation and the projected accumulated savings at the end of the accumulation period in a cost free scenario. The difference shall be disclosed in monetary and percentage terms relative to the projected accumulated savings." We strongly advocate to use the RiW as aggregate cost figure for all IBIPs as well for the accumulation as for the decumulation phases.</p> <p>Of course we fully support EIOPA's proposal of amending the wording of the POG Delegated Regulation in order to state more clearly that, in the product testing, manufacturers should also assess whether costs may be too high and hence the product may not fit for any target market (cf. our comment on Q 12, no. 3).</p>	<p>EIOPA agrees that the RIY indicator has some limitations and that the "Wealth Reduction" method can help the consumer to be more aware of the impact of costs; however, these aspects could not be explored in detail during the short timeframe. EIOPA explored targeted clarifications in the POG process.</p>
<p>Fédération Bancaire Française</p>	<p>Q20</p>	<p>No, we believe that the current provisions of product governance are sufficient to ensure cost efficiency.</p>	<p>Partially agreed. Maintaining the status quo also has some disadvantages, as illustrated in the document; hence why the final advice proposes targeted clarifications.</p>
<p>Gesamtverband der Deutschen Versicherungswirtschaft e. V.</p>	<p>Q20</p>	<p>Existing consumer protection requirements must be complied with and are supervised by the national competent authorities. They can and should intervene in cases of malpractice. For this purpose, they are equipped with appropriate powers. This includes the obligation under the rules on POG to ensure that the structure and amount of the costs comply with the needs and objectives of the target market. Beyond that, however, it should not be the task of supervisory authorities to determine the design, calculation, or pricing of products. Benchmarks e.g., on certain</p>	<p>EIOPA acknowledges your contrariety to introduce costs caps and a ban on inducements for highly complex or highly risky products.</p>

	<p>costs as distribution or advisory costs might have the same effect as a legal cap on costs which comes together with several issues and a strong impact on market structure. In this regard, granular requirements potentially have negative effects. To illustrate this by example we would like to flag potential benchmarks or upper limits on distribution- and advisory costs, as mentioned in No. 214. They give rise to the risk of causing a reduction of continuing training and the advisory processes to the absolute minimum, which would ultimately not be in the best interest of the consumer and would run counter the CMU goal to enhance trustworthy high-quality advice. Outliers and individual cases of clearly excessive costs can be adequately addressed by the supervisory authorities, e.g., through product intervention measures.</p> <p>We agree with EIOPA that costs caps could lead to detriment. Indeed, the IBIPs market is very heterogeneous, and specific products would not be distributed leading to supply gaps. We believe that cost transparency is key in contributing to cost-efficiency. RIY in the PRIIPs KID and costs and past performance reports by EIOPA increased pressure on those markets with high costs. Due to the diversity of products and the interactions of product components, a holistic view of a product and its costs is necessary.</p> <p>Given the thoroughly reasoned draft presentation of the difficult topic of complexity, we find the proposal of a ban on inducements for highly complex or highly risky products surprising and incomprehensible. We reject limitations regarding the marketing of such products:</p> <ul style="list-style-type: none"> • First, products with a high level of sophistication or products with a high investment risk are not per se harmful to consumers. Often these are useful products for certain target markets and reflect the needs and objectives of certain consumers. If the distribution of these products were restricted, the customers concerned could not be provided with the products they need. • Second, an accurate delimitation of such a category, particularly with respect to 	
--	---	--

		<p>heterogeneous EU market is difficult, and therefore, there is a high risk that, in practice, products would be captured by the restrictions which were not intended to be in scope.</p> <ul style="list-style-type: none"> • Third, supervisors have enough powers to identify products that harm consumers (not necessarily those with very high investment risk or very high level of sophistication). Therefore, a commission ban would be a disproportionate market intervention. • Ultimately, it seems illogical that CMU's goal of attracting more retail investors can be achieved by limiting the product range available on the market and setting high hurdles for distribution. We are convinced that, in this sense, a broad product range and functioning distribution systems are essential prerequisites. 	
ING Bank NV	Q20	<p>Other measures would be hard to implement. With the example of POG and assessing Value for Money it will be hard to have clear guidance on this as for each product as this depends on product and local market characteristics. It's difficult to establish what level of costs is too high so the assessment itself could be done, but we see challenges in giving clear guidance on precise threshold levels for costs.</p> <p>The target market requirements (product manufacturers and distributors are obliged to define a target market for their products which are in line with the overall clients' needs and requests) do not need to be changed but could be clarified further as the parameters are not detailed enough and it is not clear how to deal with execution only. Moreover they need to be equally enforced on all the players in the market (also new comers) to ensure consistent protection for final investors.</p>	<p>EIOPA recognizes that you find it difficult to determine what level of costs is too high.</p> <p>EIOPA agrees with the proposal for a more granular definition of the reference market and a level playing field for market operators. This is reflected in the final advice.</p>
Bundesverband Deutscher Vermögensberater	Q20	<p>Nach unserer Auffassung ist die Wertentwicklung eines IBIP's der entscheidende wirtschaftliche Faktor für den Verbraucher. Für diese sind aber die Kosten von untergeordneter Bedeutung, zumal beispielsweise bei Honorarberatung externe Kosten entstehen, die in Vergleiche als hypothetische Einmalanlagen, mit entsprechender Rendite für die gesamte Vertragslaufzeit, einbezogen werden müssten. Entscheidend für die Wertentwicklung sind die Finanzmärkte und die Fähigkeit eines Fonds, Marktchancen zu nutzen und Risiken einzuschränken.</p>	<p>EIOPA agrees that costs are not important for the customer because they have a high impact on the expected performance.</p>

Actuarial Association of Europe	Q20		-
Die Deutsche Kreditwirtschaft	Q20		-
Allianz SE	Q20	The principles-based POG requirements effectively require producers to avoid any designs that work to the detriment of the customer. In effect, these requirements should provide a sufficient basis to address detrimental designs also in respect to cost efficiency at earlier stages in the product lifecycle. Therefore, additional explicit regulation further bolstering rules on costs at the product design phase does not seem necessary.	Partially agreed. Since POG requirements are principle-based, EIOPA believes some clarifications are required.
FECIF	Q20	See answer to question 17.	
Sparbanken Skåne AB (publ)	Q20	The producer should have a more extensive responsibility concerning the price combined with the remuneration that they pay the distributor. They should also inform the customer, on a yearly basis, on this. That should led to better transparency.	Agreed. But EIOPA is of the view that this should already be addressed by product testing.
VOTUM Verband	Q20	See answer to question 17.	
Question 21: Do you agree with the advantages and disadvantages of the different options proposed? Are there additional aspects which should be highlighted?			
Polish Chamber of Insurance	Q21	<ul style="list-style-type: none"> The preferred option is to maintain the regulatory status quo, which already ensures several layers of consumer protection. Product design and testing as per POG rules, professional advice, distributors' continuous training, the suitability test, appropriate pre-contractual disclosures and product monitoring already ensure a high level of consumer protection through the whole product life cycle. They provide supervisory authorities with a solid basis to monitor the market and swiftly and efficiently address any grievances even in a fast-evolving market environment. 	Partially agreed. Maintaining the status quo also has some disadvantages, as illustrated in the document; hence why the final advice proposes targeted clarifications.
BETTER FINANCE	Q21	In light of this question, we wish to reflect the position of our member associations in terms of consumer concerns for complex products: there is a need for more guidance in terms of the redress measures (or other remedies for this purpose) that can be taken by consumers against the product manufacturer in case complex products are, in fact, sold to the unsuitable target market.	Many thanks. EIOPA in the final advice proposed a balanced approach to clarify some of the requirements in the current regulatory framework to

		<p>In other words, more emphasis should be put on the responsibility of product manufacturers to ensure that less complex products are designed and distributed, considering that consumers are not always in the position to properly evaluate such products and, thus, understand them. In addition, product complexity (as highlighted above) does not stem only from the risk evaluation in relation to securities markets (underlying investments and, thus, the investment dimension of the IBIP). In fact, as IBIPs are essentially insurance contracts, the mechanisms on pricing and covering biometric risks should also be more central to the assessment of complexity. In light of these arguments, we support Option 3 proposed by EIOPA (p. 89).</p> <p>A ban of inducements would significantly improve the situation as the distributor would not be conflicted with other incentives to act in the best interest of the client and distribute products (either simple or complex) that are indeed suitable for the client.</p>	<p>ensure complexity and cost-efficiency aspects are addressed.</p>
Irish Life Assurance PLC	Q21		-
Unipol Gruppo S.p.A.	Q21	<p>With reference to EIOPA's options, Unipol believes that it is very hard to define complexity in a meaningful way at a European level: as it has been effectively pointed out by Insurance Europe in its answer to the EC's consultation on Retail Investor Protection while some product characteristics may be uncommon in one Member State, they may be typical and well known to customers in another. For this reason, a possible definition of complexity could only be generic and should refer to the risk of unexpected losses. It is desirable that the supervisory authorities of each Member State give an interpretation of the concept of complexity in relation to the supervised market.</p> <p>Unipol Group believes that in general the provision of the return-of-capital guarantee is in itself sufficient to qualify a product as non-complex.</p>	<p>EIOPA agrees that the notion of complexity must take into account the characteristics of the national market; hence the principles based approaches proposed and the solution took in the final advice to proposed targeted clarifications in Level 1.</p> <p>EIOPA partially disagrees that a guarantee on the capital is enough to make the product not complex because the guarantee may present limitations, constraints and in general mechanisms such as to procure false security for the assured person</p>

Dutch Association of Insurers	Q21		-
France Assureurs (Fédération Française de l'Assurance)	Q21	<p>The preferred option is to maintain the regulatory status quo, which already ensures several layers of consumer protection. IDD provisions already ensure a high level of consumer protection through the whole product life cycle and provide supervisory authorities with a solid basis to monitor the market and swiftly and efficiently address any grievances even in a fast-evolving market environment. Under the PRIIPs Regulation, EIOPA and supervisory authorities are conferred with appropriate product intervention powers.</p> <p>What needs to be improved is the PRIIPs KID, as it needs to prominently explain at the top of the document and/or in the first layer the existence or lack of biometric risk covers, financial guarantees, other capital protection mechanisms or insurance benefits. To find space for that, it is sufficient to re-organise the other sections and simplify other contents that are redundant, such as the many different performance and cost figures at intermediate time periods. In this way, there will be no need to increase the length of the document, nor to add further labels and indicators in addition to the comprehension alert and Synthetic Risk Indicator.</p> <p>As to other EIOPA's proposals, any cost cap or de facto profit control within POG would be incompatible with the prudential regulation (Article 21 Solvency II): cost management is primarily the responsibility of the product provider and the supervisor only insofar as the tariff must not jeopardize the financial situation of the insurer. Furthermore, IDD Level 2 clearly states that the POG rules should not be understood as an interference with the manufacturers' freedom to set premiums or as price control in any form (Commission Delegated Regulation (EU) 2017/2358, Recital 8).</p> <p>As to the proposal of a ban on inducements for highly complex or highly risky products this would be excessive and disproportionate intervention:</p> <ul style="list-style-type: none"> • Firstly, highly complex or risky products are not per se harmful to consumers. Of course, to assess the appropriate risk-return trade-off, many factors needs to be 	Partially agreed. Maintaining the status quo also has some disadvantages, as illustrated in the document; hence why the final advice proposes targeted clarifications.

	<p>considered, including the consumer’s overall risk tolerance, investment horizon and objectives. All these elements are considered in the definition of the product’s target market, based on the POG process under the IDD. In the pre-sale phase, a suitability test is then performed with customers, to check their investor profile and their correspondence with the product’s target market. If highly complex or highly risky products are an appropriate solution for a certain segment of consumers, according to the suitability test, it would be inappropriate to prohibit any possibility to offer them such products. Generally speaking, this measure would limit the product offering and consumers’ choice, as well as the possibility for the retail investors with the appropriate profile to grasp more profitable returns or diversify their portfolio.</p> <ul style="list-style-type: none"> • Secondly, an accurate definition of such a category is difficult, particularly with respect to the heterogeneous IBIPs market. Therefore, there is a high risk that certain products will not be offered at all, just to avoid compliance risks due to difficulties in interpreting the definition. • Thirdly, it is precisely for these products that consumers need comprehensive, unlimited-time advice, potentially provided by several people and financed on a solidarity basis. <p>Ultimately, it seems illogical that CMU's goal of attracting more retail investors can be achieved by limiting the product range available on the market and setting high hurdles for distribution. A broad product range and functioning distribution systems coped with better disclosures in the PRIIPs KID and more ambitious financial literacy targets are the essential prerequisites for the CMU success.</p> <p>As to the idea to require more behavioural or market research to be performed at company level, for example for the target market assessment of more complex products, this would be a costly and complex outsourcing exercise and lengthy process especially for small and medium size enterprises, on top of the different</p>	
--	--	--

		<p>safeguards already introduced by the IDD. As suggested by EIOPA in Section 1, behavioural research should instead be used by legislators as the starting point when designing consumer disclosures, in the phase of developing Level 1 legislation and not just at Level 2.</p> <p>Although it is a topic not addressed specifically in the Commission's Call for Advice, more must clearly be done to enhance the level of financial education of consumers.</p>	
Länsförsäkringar	Q21		-
ASSORETI - Association of intermediaries which provide investment advice service through their network of qualified individual financial advisors.	Q21		-
Insurance Ireland	Q21	<p>We agree with Insurance Europe that the preferred approach is to maintain the regulatory status quo as sufficient consumer protection already exists under the IDD, PRIIPs regulations and POG rules.</p> <p>Cost caps may have adverse impacts on choice and competition and we agree with Insurance Europe that it would be incompatible with prudential regulation (Article 21 of Solvency II). It would be excessive and disproportionate.</p> <p>Furthermore the implementation of costs caps would likely hinder access to financial advice, and provide for the emergence of "advice gaps" within the market. An intermediary provides an advice service that is of real benefit to customers and this should not be hindered by such measures. This would not increase consumers' investment in financial instruments which is the stated aim of the CMU initiative. A decrease in consumers' investment could be possible due to a reduced access to professional advice and limited product range due to high burdens on distribution.</p> <p>We also agree with Insurance Europe that the idea that firms should carry out</p>	Partially agreed. Maintaining the status quo also has some disadvantages, as illustrated in the document; hence why the final advice proposes targeted clarifications.

		behavioural and market research to ensure the correct assessment of complexity for investment products would be a costly, lengthy and complex process and not suitable for SMEs in particular. This research should be done by EIOPA in the development of Level 1 legislation.	
BEUC, The European Consumer Organisation	Q21	N/A	-
ANIA	Q21	<p>The preferred option is to maintain the regulatory status quo, which already ensures several layers of consumer protection. IDD provisions already ensure a high level of consumer protection through the whole product life cycle and provide supervisory authorities with a solid basis to monitor the market and swiftly and efficiently address any grievances even in a fast-evolving market environment. Under the PRIIPs Regulation, EIOPA and supervisory authorities are conferred with appropriate product intervention powers. Moreover, EIOPA in his recent Supervisory Statement on value for money, has already stated detailed criteria to assess whether costs may be too high and hence not to fit for any target market.</p> <p>What needs to be improved is the PRIIPs KID, as it needs to prominently explain at the top of the document and/or in the first layer the existence or lack of biometric risk covers, financial guarantees, other capital protection mechanisms or insurance benefits. To find space for that, it is sufficient to re-organise the other sections and simplify other contents that are redundant, such as the many different performance and cost figures at intermediate time periods. In this way, there will be no need to increase the length of the document, nor to add further labels and indicators in addition to the comprehension alert and Synthetic Risk Indicator.</p> <p>As to other EIOPA's proposals, any cost cap or de facto profit control within POG would be incompatible with the prudential regulation (Article 21 Solvency II): cost management is primarily the responsibility of the product provider and the supervisor only insofar as the tariff must not jeopardize the financial situation of the insurer. Furthermore, IDD Level 2 clearly states that the POG rules should not be understood as an interference with the manufacturers' freedom to set premiums or as price control in any form (Commission Delegated Regulation (EU) 2017/2358, Recital 8).</p>	Partially agreed. Maintaining the status quo also has some disadvantages, as illustrated in the document; hence why the final advice proposes targeted clarifications.

	<p>As to the proposal of a ban on inducements for highly complex or highly risky products this would be excessive and disproportionate intervention:</p> <ul style="list-style-type: none"> • Firstly, highly complex or risky products are not per se harmful to consumers. Of course, to assess the appropriate risk-return trade-off, many factors need to be considered, including the consumer's overall risk tolerance, investment horizon and objectives. All these elements are considered in the definition of the product's target market, based on the POG process under the IDD. In the pre-sale phase, a suitability test is then performed with customers, to check their investor profile and their correspondence with the product's target market. If highly complex or highly risky products are an appropriate solution for a certain segment of consumers, according to the suitability test, it would be inappropriate to prohibit any possibility to offer them such products. Generally speaking, this measure would limit the product offering and consumers' choice, as well as the possibility for the retail investors with the appropriate profile to grasp more profitable returns or diversify their portfolio. • Secondly, an accurate definition of such a category is difficult, particularly with respect to the heterogeneous IBIPs market. Therefore, there is a high risk that certain products will not be offered at all, just to avoid compliance risks due to difficulties in interpreting the definition. • Thirdly, it is precisely for these products that consumers need adequate and thorough: prohibiting incentives would effectively prevent the advisory service by exposing consumers to the risk of buying products that do not suit their characteristics and expectations. <p>Ultimately, it seems illogical that CMU's goal of attracting more retail investors can be achieved by limiting the product range available on the market and setting high hurdles for distribution. A broad product range and functioning distribution systems coupled with better disclosures in the PRIIPs KID and more ambitious financial literacy targets are the essential prerequisites for the CMU success.</p>	
--	--	--

		Although it is a topic not addressed specifically in the Commission's Call for Advice, more must clearly be done to enhance the level of financial education of consumers.	
ACA	Q21		-
Institut des actuaires (France)	Q21	<p>Option 1: we agree with the advantages put forward: it is important, in the case of an ambitious regulation such as IDD, and given the very different levels of maturity across Europe of the various markets at the time of its implementation, to give the regulation time to be fully enforced.</p> <p>As far as the disadvantages mentioned are concerned, they do not seem to us to be related to the current regulation. If we can recognize a heterogeneous implementation of the DDA, the existing legislative framework, which brings together the different European supervisors under the EEIOPA and which has given EIOPA the powers and competences necessary for a harmonized application, must respond to this. On the other hand, multiplying the regulatory layers when the existing regulations are struggling to be applied seems to us to add difficulty to difficulty.</p> <p>Option 2: With regards to the advantages identified ("A more convergent supervisory approach"): EIOPA's framework and the coordination it is in a position to ensure should effectively allow for a homogeneous application of existing provisions, which limits the relative interest of additional guidance. So the advantage it not so strong.</p> <p>With regards to the disadvantages identified ("This approach does not fully address the request of the European Commission to assess the possibility to promote the marketing and sale of "simpler, cost-efficient, insurance-based investment products."): the POG should naturally lead to an improvement in the overall cost efficiency of products. The measures mentioned in §203, for example, already seem to us to fit into the current framework.</p> <p>Option 3: With regards to the advantages identified: the notion of proportionality is a sensible concept and a welcome one but should not require a guidance: proportionality is already naturally applied in the French market where the</p>	Partially agreed. Maintaining the status quo also has some disadvantages, as illustrated in the document; hence why the final advice proposes targeted clarifications.

		<p>supervisor's requirements are higher for some well identified product categories. Without disputing the advantages put forward, it seems to us that, once again, they are very relative, as proportionality can be implemented within the current framework.</p> <p>With regards to the disadvantages identified : on the other hand, the disadvantages need to be complemented : establishing proportionality principles would first of all mean defining a scale of product complexity, which would be very difficult to objectify, in addition to the increased complexity of the regulatory corpus that this would require. The result would be additional difficulty in implementation, greater legal uncertainty and corresponding costs.</p>	
Spanish Banking Association	Q21		
Bundesarbeitsgemeinschaft zur Förderung der Versicherungsmakler (BFV)	Q21		Partially agreed. Maintaining the status quo also has some disadvantages, as illustrated in the document; hence why the final advice proposes targeted clarifications.
Insurance Europe	Q21	<p>Our preferred option is to maintain the regulatory status quo, which already ensures several layers of consumer protection. IDD provisions already introduced strong safeguards through the whole product life cycle and provide supervisory authorities with a solid basis to monitor the market and swiftly and efficiently address any grievances even in a fast-evolving market environment. Under the PRIIPs Regulation, EIOPA and supervisory authorities are conferred with appropriate product intervention powers.</p> <p>What needs to be improved is the PRIIPs KID, as it needs to prominently explain at the top of the document and/or in the first layer the existence or lack of biometric risk covers, financial guarantees, other capital protection mechanisms or insurance benefits. To find space for that, it is sufficient to re-organise the other sections and simplify other contents that are redundant, such as the many different performance and cost figures at intermediate time periods. In this way, there will be no need to</p>	Partially agreed. Maintaining the status quo also has some disadvantages, as illustrated in the document; hence why the final advice proposes targeted clarifications.

	<p>increase the length of the document, nor to add further labels and indicators in addition to the comprehension alert and Synthetic Risk Indicator.</p> <p>As to EIOPA's other proposals, any cost cap or de facto profit control within POG would be incompatible with the prudential regulation (Article 21 Solvency II): cost management is primarily the responsibility of the product provider and the supervisor only insofar as the tariff must not jeopardize the financial situation of the insurer. Furthermore, IDD Level 2 clearly states that the POG rules should not be understood as an interference with the manufacturers' freedom to set premiums or as price control in any form (Commission Delegated Regulation (EU) 2017/2358, Recital 8).</p> <p>As to the proposal of a ban on inducements for highly complex or highly risky products this would be excessive and disproportionate intervention:</p> <ul style="list-style-type: none"> - Firstly, highly complex or risky products are not per se harmful to consumers. Of course, to assess the appropriate risk-return trade-off, many factors need to be considered, including the consumer's overall risk tolerance, investment horizon and objectives. All these elements are considered in the definition of the product's target market, based on the POG process under the IDD. In the pre-sale phase, a suitability test is then performed with customers, to check their investor profile and their correspondence with the product's target market. If highly complex or highly risky products are an appropriate solution for a certain segment of consumers, according to the suitability test, it would be inappropriate to prohibit any possibility to offer them such products. Generally speaking, this measure would limit the product offering and consumers' choice, as well as the possibility for the retail investors with the appropriate profile to grasp more profitable returns or diversify their portfolio. - Secondly, an accurate definition of such a category is difficult, particularly with respect to the heterogeneous IBIPs market. Therefore, there is a high risk that certain products will not be offered at all, just to avoid compliance risks due to difficulties in interpreting the definition. 	
--	---	--

		<p>- Thirdly, it is precisely for these products that consumers need comprehensive, unlimited-time advice, potentially provided by several people and financed on a solidarity basis.</p> <p>Ultimately, it seems illogical that the CMU goal of attracting more retail investors can be achieved by limiting the product range available on the market and setting high hurdles for distribution. A broad product range and functioning distribution systems coupled with better disclosures in the PRIIPs KID and more ambitious financial literacy targets are the essential prerequisites for the CMU success.</p> <p>As to the idea to require more behavioural or market research to be performed at company level, for example for the target market assessment of more complex products, this would be a costly and complex outsourcing exercise and lengthy process especially for small and medium size enterprises, on top of the different safeguards already introduced by the IDD. As suggested by EIOPA in Section 1, behavioural research should instead be used by legislators as the starting point when designing consumer disclosures, in the phase of developing Level 1 legislation and not just at Level 2.</p> <p>Although it is a topic not addressed specifically in the Commission’s Call for Advice, more must clearly be done to enhance the level of financial education of consumers.</p>	
VOTUM Verband	Q21	<p>Die von EIOPA vorgeschlagenen Optionen und Bewertungen teilen wir. Unsere Auffassung ist, den regulatorischen Rahmen für IBIP’s im speziellen sowie für die Beratung und Vermittlung im Allgemeinen aktuell nicht zu verändern. Eine Weiterentwicklung sollte ausschließlich in Händen der nationalen Aufsicht liegen. Die Regelungsgeschwindigkeit zur Harmonisierung der EU-Märkte ist zu hoch. Generell stellen wir in Abrede, dass die Beratung EU-weit vereinheitlicht werden sollte. Solange Steuer- und Sozialsysteme als eine wichtige Basis der Beratung derart unterschiedlich sind, sollte auch der darauf aufbauende Rechtsrahmen für Beratung weitgehend national bleiben. Eine wichtige Rolle spielen auch die sprachlichen Unterschiede die gerade bei Finanzprodukten und geringem Finanzwissen der Bürger grenzüberschreitende Dienstleistung nahezu unmöglich machen. Beratung ist wie</p>	<p>Partially agreed. Maintaining the status quo also has some disadvantages, as illustrated in the document; hence why the final advice proposes targeted clarifications.</p>

		<p>kaum eine andere Dienstleistung „local business“.</p> <p>EIOPA und ESMA sollten Kunden und Vermittlern die Chance geben, ein definiertes Regelwerk zunächst einmal zu „leben“, bevor neue Regeln kommen oder vorhandene verändert werden. Wir bemängeln auch die unterschiedlichen Umsetzungsschwierigkeiten in den EU-Ländern und die oft unterschiedliche Aufsichtsintensität sowie das Reporting der nationalen Aufsichtsbehörden an EIOPA und ESMA. Die deutschen Vermittler fühlen sich in der EU benachteiligt, da europäische Regeln zur Beratung in Deutschland schnell umgesetzt wurden, weil die Aufsicht intensiv ist und weil das Reporting schnell und umfassend erfolgt.</p>	
<p>Austrian Federal Economic Chamber, Division Bank and Insurance</p>	<p>Q21</p>	<p>The preferred option is to maintain the regulatory status quo, which already ensures several layers of consumer protection. IDD provisions already ensure a high level of consumer protection through the whole product life cycle. PRIIPs Regulation: EIOPA and supervisory authorities are conferred with appropriate product intervention powers. PRIIPs KID needs to be improved, needs to prominently explain at the top of the document and/or in the 1st layer the existence/lack of biometric risk covers, financial guarantees, other capital protection mechanisms or insurance benefits. To find space for that, it is sufficient to re-organise the other sections and simplify other contents that are redundant, such as the many different performance and cost figures at intermediate time periods. In this way, there will be no need to increase the length of the document, nor to add further labels and indicators in addition to the comprehension alert and Synthetic Risk Indicator.</p> <p>As to other EIOPA’s proposals, any cost cap or de facto profit control within POG would be incompatible with the prudential regulation (Art 21 Solvency II): cost management is primarily the responsibility of the product provider and the supervisor only insofar as the tariff must not jeopardize the financial situation of the insurer. Furthermore, IDD Level 2 clearly states that the POG rules should not be understood as an interference with manufacturers' freedom to set premiums or as price control (EC DelReg (EU) 2017/2358, Rec 8). As to the proposal of a ban on inducements for highly complex or highly risky products this would be excessive and disproportionate intervention:</p>	<p>Partially agreed. Maintaining the status quo also has some disadvantages, as illustrated in the document; hence why the final advice proposes targeted clarifications.</p>

		<p>-highly complex or risky products are not per se harmful to consumers. To assess the appropriate risk-return trade-off, many factors needs to be considered, including the consumer's overall risk tolerance, investment horizon and objectives. All these elements are considered in the definition of the product's target market, based on the POG process under the IDD. In the pre-sale phase, a suitability test is then performed with customers, to check their investor profile and their correspondence with the product's target market. If highly complex or highly risky products are an appropriate solution for a certain segment of consumers, according to the suitability test, it would be inappropriate to prohibit any possibility to offer them such products. Generally speaking, this measure would limit the product offering and consumers' choice, as well as the possibility for the retail investors with the appropriate profile to grasp more profitable returns or diversify their portfolio.</p> <p>-an accurate definition of such a category is difficult, particularly with respect to the heterogeneous IBIPs market. Therefore, there is a high risk that certain products will not be offered at all, just to avoid compliance risks due to difficulties in interpreting the definition.</p> <p>-it is precisely for these products that consumers need comprehensive, unlimited-time advice, potentially provided by several people and financed on a solidarity basis. In terms of incentives, non-complex or less risky products should be subject to the automatic application of pre-defined proportionality elements, for example in the POG and in the advice process. This should not be left to the discretion of national supervisors, otherwise equal treatment is not ensured. A classification as a "non-complex product" should automatically result in pre-defined simplifications such as a simplified target markets, a shorter appropriateness tests or similar. A similar concept - the new VU category "Low risk profile undertakings" (LRU) - is currently being pursued by the Solvency II Review. LRUs benefit, for example, from significantly reduced supervisory and reporting requirements, which are listed taxatively. This would be the only incentive that could work in practice, while any attempt to standardise the IBIP offering would not be feasible and a multiplication of labels</p>	
--	--	---	--

		<p>should be avoided.</p> <p>It seems illogical that CMU's goal of attracting more retail investors can be achieved by limiting the product range available on the market and setting high hurdles for distribution. A broad product range and functioning distribution systems coped with better disclosures in the PRIIPs KID and more ambitious financial literacy targets are the essential prerequisites for the CMU success. As to the idea to require more behavioural or market research to be performed at company level, this would be a costly/complex outsourcing exercise and lengthy process esp. for SME, on top of the different safeguards already introduced by the IDD. As suggested by EIOPA, behavioural research should instead be used by legislators as the starting point when designing consumer disclosures, in the phase of developing Level 1 legislation and not just at Level 2. More must be done to enhance the level of financial education of consumers</p>	
EIOPA IRSG	Q21	<p>Some IRSG members agreed with the options proposed, whereas others did not agree with the two sub-options described in the EIOPA advice nor with the third option, where complexity is linked to distribution or conduct requirements.</p> <p>Other members would favour the alternative option of reaching a solid definition of complexity for IBIPs in level 1 regulation since, as confirmed by EIOPA, it is difficult to simply apply complexity-related criteria originating from the securities markets. The lack of some features (e.g. options), perceived as complex when measured against the current securities driven criteria, may actually be severely detrimental to the customer during volatile and changing economic environments, given that the average customer may have several life changes in the lifespan of the product.</p> <p>Some IRSG members believe that on product design and testing as per POG rules, professional advice, distributors continuous training, suitability test, appropriate pre-contractual disclosures and product monitoring already ensure a high level of consumer protection through the whole product life cycle, so there is no need to introduce further limitations to the product design and distribution. Any cost cap or de facto profit control within POG would be incompatible with prudential regulation</p>	EIOPA notes that there are different opinions in the IRSG on which option to prefer; hence the solution proposed in the final advice.

		<p>(Solvency II, Art 21): cost management is primarily the responsibility of the product provider and the supervisor only insofar as the tariff must not jeopardize the financial situation of the insurer. As to limitations or bans on the payment of commissions for highly complex or highly risky products, it is precisely for these products that consumers need comprehensive, unlimited-time advice, potentially provided by several persons and financed on a solidarity basis. A competitive and thriving capital market achieved cannot be achieved introducing benchmarks on costs or other measures that limit consumers' choice. Furthermore, IDD Level 2 clearly states that the POG rules should not be understood as an interference with the manufacturers' freedom to set premiums or as price control in any form (Commission Delegated Regulation (EU) 2017/2358, Recital 8).</p> <p>These members believe that what is needed is to improve the structure of the PRIIPs KID, clearly explaining at the top and/or in the first layer of the document if the product offers or not financial guarantees, biometric risk covers and other capital protection mechanisms. Sufficient space should be allowed to explain such features. This can be easily achieved through a re-organisation of the sections, and simplifying other contents that are redundant.</p> <p>As indicated in the EIOPA advice, complexity is different from risk. Some IRSG members point out that the sub options in option 3 in 5.5 are very complex "regulatory" pseudo - solutions trying to "regulate" indirectly the offer/ demand of certain – complex- products by indirect measures and moving the burden (and responsibility) of managing complexity to intermediaries / distributors, depriving potentially consumers from complex (but thanks to or due to the complexity) low risk products.</p> <p>These members believe that the EIOPA advice gives examples of overly complex products but does not give an indication of their importance in the market and in which (national) markets they are on offer.</p>	
BIPAR	Q21	See also Q 17	Disagree. EIOPA does not aim at limiting product design, however,

	<p>Product design and testing as per IDD POG rules, advice, distributors' continuous training, suitability test, appropriate pre-contractual disclosures and product monitoring ensure a very high level of consumer protection through the whole product life-cycle, so there is no need to introduce further limitations to the product design and distribution.</p> <p>The complexity of a product should be correlated with the POG requirements. As long as the target market is clearly defined, the risk of mis-selling is very limited. The IDD should be sufficient to remedy problems if they occur in certain markets, with the intervention of the supervisory authorities.</p> <p>Moreover, national situations should be taken into account in this respect. Each Member State is able to take measures and regulate its level of requirements in relation to its population and the products offered on the national market.</p> <p>In some markets like in France for example, according to the French IDD implementation, insurance agents are required to carry out minimum due diligence, which already ensures the appropriateness of IBIPs (see Q. 13), which tends to prove that the IDD should be sufficient in this respect.</p> <p>BIPAR does not agree with the two sub-options described in the EIOPA advice, nor with the third option, where complexity is linked to distribution / conduct requirements.</p> <p>As affirmed in the EIOPA advice, complexity is different from risk. The sub-options in option 3 in 5.5 are very complex "regulatory" pseudo - solutions trying to "regulate" indirectly the offer/ demand of certain - complex- products by indirect measures and moving the burden (and responsibility) of managing complexity to intermediaries / distributors, depriving potentially consumers from complex (but thanks to or due to the complexity) low-risk products.</p> <p>The EIOPA advice gives examples of overly complex products but does not give an</p>	<p>EIOPA is of the view that product complexity should be taken into account in the POG process.</p>
--	---	--

		<p>indication of their importance in the market and in which (national) markets they are on offer. The examples of interventions by supervisory authorities illustrate that the current regulatory framework offers tools to intervene where necessary or to reflect the risks related to the “complexity” in the KID or POG process.</p> <p>With reference to para 177, BIPAR is of the opinion, as explained above, that complexity is an issue between manufacturers, product disclosures and supervisors. Here again the POG and its resulting disclosures in terms of target market but also the KID are relevant.</p> <p>Lastly, although it is a topic not (enough) addressed specifically in the Commission’s Call for Advice, more can clearly be done to enhance the level of financial education of consumers.</p>	
Assuralia	Q21	<p>According to Assuralia, and knowing that the European market is, by definition, a non-harmonised market, the most balanced and preferred option is to maintain the regulatory status quo, which already ensures several layers of consumer protection. Product design and testing as per POG rules, professional advice, distributors’ continuous training, the suitability test, appropriate pre-contractual disclosures and product monitoring already ensure a high level of consumer protection through the whole product life cycle. They provide supervisory authorities with a solid basis to monitor the market and swiftly and efficiently address any grievances even in a fast-evolving market environment. Under the PRIIPs Regulation, EIOPA and supervisory authorities are conferred with appropriate product intervention powers.</p> <p>Outliers and individual cases of clearly excessive costs can be adequately addressed by the supervisory authorities, e.g., through product intervention measures. Beyond that, however, it should not be the task of supervisory authorities to determine the design, calculation, or pricing of products.</p> <p>Options 2 and 3 seem way too complex to be properly implemented and we are not sure of the benefits such options could bring. These options would complexify the regulatory framework for all the stakeholders involved: providers, consumers and</p>	Partially agreed. Maintaining the status quo also has some disadvantages, as illustrated in the document; hence why the final advice proposes targeted clarifications.

		<p>supervisors. A ban on inducements for complex or risky products could end-up with a significant advice gap, which will be detrimental to consumers. Plus, complex or risky products are not per se harmful to consumers and the existing regulatory framework (suitability test – POG – IDD) ensure good risk-return-trade-off. If highly complex or highly risky products are an appropriate solution for a certain segment of consumers, according to the suitability test, it would be inappropriate to prohibit any possibility to offer them such products. Generally speaking, this measure would limit the product offering and consumers’ choice, as well as the possibility for the retail investors with the appropriate profile to grasp more profitable returns or diversify their portfolio.</p>	
Italian Banking Association	Q21	Please see our answer to Q17.	-
AGEA (French association of general insurance agents)	Q21	<p>Product complexity must be correlated with product oversight and governance (POG). When the target market is clearly defined, mis-selling risk should be avoided.</p> <p>The IDD provides appropriate answers to solve issues that are observed on specific markets, with the support of supervisory authorities.</p> <p>Moreover, in its French version, the IDD transposition requires agents to proceed with minimum customer due diligence to guarantee the IBIP’s suitability (Q.13). The process tends to show that the IDD framework is sufficient. Each Member-State is able to measure and adjust its level of requirements with regard to its population and products offered on the national market.</p>	Partially agreed. Maintaining the status quo also has some disadvantages, as illustrated in the document; hence why the final advice proposes targeted clarifications.
ANASF	Q21	The proposed aspects are correct, but simplification is needed. Transparency applied in all EU countries would encourage the standardization of markets and the control of the Supervisory Authorities.	
Austrian Insurance Association (VVO)	Q21	The preferred option is to maintain the regulatory status quo, which already ensures several layers of consumer protection. IDD provisions already ensure a high level of consumer protection through the whole product life cycle and provide supervisory authorities with a solid basis to monitor the market and swiftly and efficiently address any grievances even in a fast-evolving market environment. Under the PRIIPs Regulation, EIOPA and supervisory authorities are conferred with appropriate product intervention powers.	Partially agreed. Maintaining the status quo also has some disadvantages, as illustrated in the document; hence why the final advice proposes targeted clarifications.

	<p>What needs to be improved is the PRIIPs KID, as it needs to prominently explain at the top of the document and/or in the first layer the existence or lack of biometric risk covers, financial guarantees, other capital protection mechanisms or insurance benefits.</p> <p>As to other EIOPA's proposals, any cost cap or de facto profit control within POG would be incompatible with the prudential regulation (Article 21 Solvency II): cost management is primarily the responsibility of the product provider and the supervisor only insofar as the tariff must not jeopardize the financial situation of the insurer. Furthermore, IDD Level 2 clearly states that the POG rules should not be understood as an interference with the manufacturers' freedom to set premiums or as price control in any form (Commission Delegated Regulation (EU) 2017/2358, Recital 8).</p> <p>As to the proposal of a ban on inducements for highly complex or highly risky products this would be excessive and disproportionate intervention:</p> <ul style="list-style-type: none"> • Firstly, highly complex or risky products are not per se harmful to consumers. Of course, to assess the appropriate risk-return trade-off, many factors need to be considered, including the consumer's overall risk tolerance, investment horizon and objectives. All these elements are considered in the definition of the product's target market, based on the POG process under the IDD. In the pre-sale phase, a suitability test is then performed with customers, to check their investor profile and their correspondence with the product's target market. If highly complex or highly risky products are an appropriate solution for a certain segment of consumers, according to the suitability test, it would be inappropriate to prohibit any possibility to offer them such products. Generally speaking, this measure would limit the product offering and consumers' choice, as well as the possibility for the retail investors with the appropriate profile to grasp more profitable returns or diversify their portfolio. • Secondly, an accurate definition of such a category is difficult, particularly with respect to the heterogeneous IBIPs market. Therefore, there is a high risk that certain 	
--	--	--

		<p>products will not be offered at all, just to avoid compliance risks due to difficulties in interpreting the definition.</p> <ul style="list-style-type: none"> • Thirdly, it is precisely for these products that consumers need comprehensive, unlimited-time advice, potentially provided by several people and financed on a solidarity basis. <p>Ultimately, it seems illogical that CMU's goal of attracting more retail investors can be achieved by limiting the product range available on the market and setting high hurdles for distribution. A broad product range and functioning distribution systems coped with better disclosures in the PRIIPs KID and more ambitious financial literacy targets are the essential prerequisites for the CMU success.</p> <p>As to the idea to require more behavioural or market research to be performed at company level, for example for the target market assessment of more complex products, this would be a costly and complex outsourcing exercise and lengthy process especially for small and medium size enterprises, on top of the different safeguards already introduced by the IDD. As suggested by EIOPA in Section 1, behavioural research should instead be used by legislators as the starting point when designing consumer disclosures, in the phase of developing Level 1 legislation and not just at Level 2.</p> <p>Although it is a topic not addressed specifically in the Commission's Call for Advice, more must clearly be done to enhance the level of financial education of consumers.</p>	
<p>Bund der Versicherten (BdV - German Association of Insured)</p>	<p>Q21</p>	<p>Yes, we mainly agree with these assessments (cf. chapter 5.4 of CP) and want to particularly highlight the following issues from the consumer's perspective:</p> <ul style="list-style-type: none"> • For products identified as more complex, more guidance is necessary <p>- defining product monitoring requirements and the type of remedial actions to be taken including the need for the manufacturer to provide financial redress,</p>	<p>EIOPA agrees that more proportional advice should not result in lower consumer protection and also acknowledges the support to a restrictions or a ban on inducements.</p> <p>EIOPA also agrees that the mostly opaque mechanisms of costs and of</p>

	<p>- in case consumers detriment materialises under Article 7.3 of the POG Delegated Regulation, when mis-selling materializes because of mis-targeting marketing in relation to complexity.</p> <ul style="list-style-type: none"> • The main objective of making such requirements more proportional would be to incentivize providers and distributors in developing less complex products as well as limiting the burden on consumers to ensure the envisaged outcomes are achieved. This should be targeted with the view of facilitating access, whilst not lowering requirements, for less complex IBIPs. • It is important to note, however, that more proportional advice should not result in a lower level of consumer protection. • In particular, it would be envisaged that for simpler products targeted at retail investors with less experience more targeted information would be provided. • Introduction of restrictions or a ban on inducements (cf. our comments on Q 11 and on Q 12, no. 5/6): Indeed, it could prevent the most excessive pricing abuses without harming product diversity and innovation too much if the caps are properly calibrated and the different categories of products to which they apply adequately defined. The objective would be to allow supervisors to monitor whether the proportionality between the services offered, costs incurred and the costs charged to the consumers has been met. <p>In conclusion we encourage EIOPA to advocate option 3 as pointed out on page 89 of CP.</p> <p>Additionally we want to stress again that "product complexity" must not be limited to the "criteria originating from the securities market". For sure any investment decision is - from customer's perspective - a very complex one with or without an "insurance wrapper". But an IBIP is - in comparison to a retail investment product - even much more "complex", because it contains the "insurer wrapper" as well, i.e. it combines</p>	<p>possible benefits not only for the investment part of the premiums, but for the biometric risk coverage as well have to be taken into consideration when assessing the "complexity" of an IBIP.</p> <p>EIOPA in the final advice opted for a more principles approach which, however, entrenches cost-efficiency and complexity in Level 1.</p>
--	---	--

		<p>long-term savings / investment procedures with a biometric risk coverage (mainly death and disability). And during the pay-out phase the biometric risk coverage of longevity is included. In consequence the mostly opaque mechanisms of costs and of possible benefits not only for the investment part of the premiums, but for the biometric risk coverage as well have to be taken into consideration when assessing the "complexity" of an IBIP. That is why any IBIP has to be considered as a very "complex" product by its fundamental product design (cf. our comments on Q 15 and Q 17 above). The possible application of the principle of proportionality, in order to reduce any information and monitoring duties by distributors and product providers for apparently less complex IBIPs, should therefore be guided by the over-arching premise of preventing from consumer detriment.</p>	
Fédération Bancaire Française	Q21	<p>We do not understand the rationale for the proposal of EIOPA consisting in a ban or in restrictions of inducements for products identified as highly complex or highly risky (see paragraph 204 of the Consultation paper).</p> <p>The features of highly complex or risky products need to be explained to investors more precisely, especially when these investors do not have extended financial knowledge.</p> <p>In these conditions, these products rather incur and justify the payment of higher inducements to distributors, regarding the quality of the advice service provided.</p> <p>Besides, the amounts of inducements are also defined or limited in the framework of conflicts of interest management systems.</p>	<p>EIOPA acknowledges the views on introducing a ban or limitation of incentives for products identified as highly complex or highly risky. EIOPA disagrees that more complex or risky products have to cost more because they justify paying higher incentives to distributors.</p>
Gesamtverband der Deutschen Versicherungswirtschaft e. V.	Q21	<p>Any proposals at the EU level that restricts supply or access to advice for consumers by limiting the options for the remuneration of this advice would be unfortunate. The German insurers believe that limitations on inducements for highly complex products would be detrimental for consumers and bears high risks (see Q 12 and 20) and therefore strictly reject any ban on commissions. There are milder remedies available to address the issues identified by EIOPA. Supervisors have enough tools to identify</p>	<p>Noted. The blue box is meant to be brief; hence, the final advice only includes the most salient aspects. EIOPA would like also to clarify that it is not its intention to push customers to purchase simpler and riskier</p>

		<p>products that harm consumers and these are not necessarily those with a very high level of investment risk or very high degree of sophistication.</p> <p>We welcome the effort EIOPA has put into examining the different aspects of complexity/sophistication and identifying the specificities of IBIPs that should be considered from the start. However, we regret that the summary of this assessment is missing in the blue box with EIOPAs concrete advice. It is of utmost importance for us that EIOPAs assessment from the explanatory text is directly included in EIOPAs advice to the EC. Otherwise, we fear that there is a risk of different notations being mixed up at level 1 without proper background from EIOPA.</p> <p>We do not think that “complexity” as a criterion is suitable to draw a clear line between two groups of products (please see our comments on Question 17). Should the EU Commission, however, insist on a binary distinction between “complex” and “non-complex” products (as is the case now for execution-only distribution and the comprehension alert), we believe that the principle-based legislation which currently also refers to “complexity” (e. g. on POG) should use a different, more neutral term (such as “level of sophistication”). In this case, the aim of “complexity” would be to identify the (few) products which have hidden risks and costs that may be difficult to understand for consumers. Whereas in the principle-based legislation, the neutral term (such as “level of sophistication”) would ensure that the respective processes (e. g. POG) are proportionate to the characteristics and features of the product.</p> <p>We believe that introducing less strict rules for “simpler” products is not the right approach. First, consumers should not be nudged into purchasing simpler and riskier products, which may not be suitable for them. Second, in our view, all consumers should enjoy the same level of consumer protection. The current regulation allows for an element of proportionality which makes it possible to adapt processes to the characteristics of the product and its target market.</p>	<p>products, which may not be suitable for them, nor to reduce the level of consumer protection for some customers.</p>
ING Bank NV	Q21	We agree with the advantages and disadvantages described.	Thanks.
Bundesverband Deutscher Vermögensberater	Q21	Die von EIOPA vorgenommenen Bewertungen teilen wir. Hinsichtlich der vorgeschlagenen Optionen ist unsere Auffassung, den regulatorischen Rahmen für	Partially agreed. Maintaining the status quo also has some

		<p>IBIP's im speziellen sowie für die Beratung und Vermittlung im Allgemeinen, aktuell nicht zu verändern. Eine Weiterentwicklung sollte ausschließlich in Händen der nationalen Aufsicht liegen. Die Regelungsgeschwindigkeit zur Harmonisierung der EU-Märkte ist zu hoch. Generell stellen wir in Abrede, dass die Beratung EU-weit vereinheitlicht werden sollte. Solange Steuer- und Sozialsysteme als eine wichtige Basis der Beratung derart unterschiedlich ausgestaltet sind, (s. Q 12: .. in Deutschland liegt das Rentenniveau nur bei 48% ..) sollte auch der darauf aufbauende Rechtsrahmen für Beratung weitgehend national bleiben. Eine gewichtige Rolle spielen auch die sprachlichen Unterschiede, die gerade bei Finanzprodukten und dem ohnehin geringen Finanzwissen der Bürger, grenzüberschreitende Dienstleistung nahezu unmöglich machen. Beratung ist wie kaum eine andere Dienstleistung „local business“. Gerade das Ziel der Kommission, den Kapitalmarkt für Kleinanleger zu öffnen, würde komplett verfehlt werden, wenn diese mit nicht bekannten und noch weniger verständlichen Regelungen aus anderen Ländern konfrontiert werden.</p> <p>EIOPA und ESMA sollten Kunden und Vermittlern die Chance geben, ein definiertes Regelwerk zunächst einmal zu „leben“, bevor neue Regeln kommen oder vorhandene verändert werden. Wir bemängeln auch die unterschiedlichen Umsetzungsgeschwindigkeiten hinsichtlich der Richtlinien in den EU-Mitgliedsstaaten und die oft unterschiedliche Aufsichtsintensität sowie das Reporting der nationalen Aufsichtsbehörden an EIOPA und ESMA. Die deutschen Vermittler fühlen sich in der EU teilweise benachteiligt, da europäische Regeln zur Beratung in Deutschland schnell und pünktlich umgesetzt wurden, die Aufsicht intensiv ist und weil das Reporting schnell und umfassend erfolgt.</p>	<p>disadvantages, as illustrated in the document; hence why the final advice proposes targeted clarifications.</p>
<p>Actuarial Association of Europe</p>	<p>Q21</p>	<p>Option 1: we share the benefits put forward: it is important, in the context of an ambitious regulation such as IDD, and given the very heterogeneous degree of maturity through across Europe of the different markets at the time of its implementation, to allow time for the regulation to be fully enforced.</p> <p>The disadvantages seem to us to be less relevant as the possible further regulation considered should not contribute by itself to a more harmonised implementation of the existing regulation. We should on the other hand be aware that, regarding to</p>	<p>Partially agreed. Maintaining the status quo also has some disadvantages, as illustrated in the document; hence why the final advice proposes targeted clarifications.</p>

		<p>complexity, the most prominent legal gap lies in the definition of complexity that may be found in the legal framework – but this point depends on level 1 or 2 and cannot be addressed through a guidance.</p> <p>Option 2: as regards the benefits put forward, they could be overestimated: additional guidance would not necessarily have such a distinctive positive effect as EIOPA is already in a position (and it is part of its competences) to promote the proper implementation of any regulation related to insurance.</p> <p>As regards the disadvantages, the POG should naturally lead, if it is well applied, to a better cost efficiency of products. Therefore the risk of not fully addressing the request of the European Commission should be mitigated.</p> <p>Please note that it seems important to us to give the local supervisory level its full place in this implementation.</p> <p>Option 3: as regards the benefits put forward, the notion of proportionality is a welcome notion but we are sceptical about its ability to be implemented in a clear and objective way. Insurance products are complex legal objects that are difficult to categorise. Trying to do so can lead to increasing regulatory complexity, which is costly, with increased legal risk and no obvious benefit. We believe that it is more effective to mobilise the local level of supervision by capitalising on the good market knowledge of NCAs. NCAs can fully support a proportionate approach within the current framework.</p> <p>To this regards we share the disadvantages identified in the grid.</p>	
Die Deutsche Kreditwirtschaft	Q21		-
Allianz SE	Q21	As a general observation, Allianz believes that a meaningful discussion on the concept of complexity is still outstanding in view of reaching a solid definition in level 1 regulation. This perception is furthermore shared by EIOPA, when it acknowledges the difficulty “to simply apply complexity-related criteria originating from the securities markets to IBIPs” (see §167 of	Partially agreed. While not digging into the complexity criteria, which would require a longer process,

		<p>the consultation paper).</p> <p>We echo the view that current securities driven criteria in level 1 present challenges for IBIPs and fail to offer a solid basis for the assessment of complexity in this area.</p> <p>We would therefore call for first striking a sound definition in level 1, before moving into the assessment of further options, irrespective of their importance at a later stage.</p> <p>To illustrate that view, we observe that some features of long-term savings products (e.g. options) deserve an assessment that calls for different criteria from the one derived from the securities market, since the lack of options and consonant flexibility may actually be severely detrimental to the customer during volatile and changing economic environments, and given that the average customer may have several life changes during the term of the product (changes to marital status, dependents, health status, job, wealth and income status etc.).</p>	EIOPA's final advice covers level 1 aspects.
FECIF	Q21	See answer to question 17.	
Sparbanken Skåne AB (publ)	Q21	We agree with the stated advantages and disadvantages of the different options proposed. One aspect that is not highlighted is the difference between distributors who own an insurance company and distributors who do not. The latter is more dependent on remuneration since not all customers are ready to accept a fee-based system.	Noted.
VOTUM Verband	Q21	See answer to question 17.	