Summary of responses to online survey in preparation of the call for advice from the European Commission on the delegated acts under the Insurance Distribution Directive

2 March 2016

Name of Company	Q1: Article 25(1)(1) IDD requires insurance undertakings and intermediaries which manufacture insurance products for sale to customers to establish specific organisational arrangements and procedures for the approval of each insurance product. From your point of view, under which circumstances should the activities of an entity (in particular of an intermediaries) be considered as manufacturing of insurance products? Could you provide examples of specific activities which you would consider as manufacturing?
Create Solutions Ltd	If an intermediary asks an insurer or other intermediary such as an underwriting agency to provide them with a product that contains certain covers or exclusions, then unless the insurer already has that exact product "on the shelf" I consider the intermediary is issuing product specifications to a manufacturer and should have appropriate procedures in place to (a) ensure what they are asking for is fair and legal and (b) when delivered meets the specification. As an example I have know an intermediary commission a policy which would indemnify a client for a situation where such an indemnity was against public policy/illegal. They felt it was the insurer's responsibility not theirs (the policy was expected to pay out even if the claim was "fundamentally dishonest)
Matrix Underwriting Management Ltd	I would expect this process to be forfilled primarily by the Insurer. Even where drafted by an intermediary the insurer
ANASF	Insurance distributors may be said to contribute to the manufacturing of insurance products when they provide insurance undertakings with feedback (data and information) on customer satisfaction and/or customer

	needs, when this feedback is purposely used to design new products and/or review existing products in order to better meet the demand for insurance coverage.
Association of International Life Offices	A fairly obvious solution would be to synchronise the definition in the IDD Delegated Act with that under the PRIIP Regulation being "any entity that makes changes to an existing [insurance product] including, but not limited to, altering its risk and reward profile or the costs associated with an investment in an [insurance product]". Examples would be if an intermediary raised or lowered the costs and charges of the product through a need for additional or lower commission; although this would be rare. It would not include merely the recommendation of an underlying asset with a particular risk or return profile.
European Federation of Financial Advisers and Financial Intermediaries (FECIF)	FECIF considers that the general extension of manufacturers´ obligations on distributions can result in severe administrative burden, which can significantly hurt the SME sector. Therefore, the intermediary should only be considered as a possible equivalent to the manufacturer where he/she has the ability to significantly change core product features, and he/she regularly uses that ability in his/her sales practice. Even then, the possible extension of obligations should be undertaken individually by the relevant NCA, and should not be extended automatically.
Bund der Versicherten	Manufacturer means an insurance undertaking and an insurance intermediary that develops insurance products for the sale to customers and offers risk coverage at long term by these insurance products. The manufacturer must ensure that relevant personnel involved in designing products should possess the necessary skills, knowledge and expertise in order to properly understand the product's main features and characteristics as well as the interests, objectives and characteristics of the target market. A manufacturer has to carry out product analysis (product testing and product monitoring) and has to identify appropriate target markets. Product reviews are aimed at checking if the product performance may lead to customer detriment and, in case this occurs, take actions to change its characteristics and minimize the detriment.

ABI	The activities associated with the manufacture of insurance products go beyond underwriting. We consider that when an insurance undertaking or intermediary is involved or influences how the product is designed, developed, managed and priced then this is manufacturing. The FCA in the UK has drawn a distinction between two definitions of product manufacturer – the 'retail manufacturer' which is typically the commissioning distributor and the 'pure manufacturer', which is typically the insurance undertaking. Scenarios where an intermediary may be considered to have a role as a manufacturer include when an insurance undertaking approaches an intermediary with a product and because the intermediary will have the front line contact with the customer and know more about what the customer needs, the intermediary is in a position to make changes to that initial product design and price. In a different scenario an intermediary may also design an insurance product and approach a panel of insurers (insurance undertakings) who are willing to underwrite that risk. In both examples, the intermediary and insurer would be considered as having a role as a manufacturer. Consequently, the obligations that apply to manufacturers should reflect that an insurance undertaking should not automatically be considered to be the only product manufacturer. The ABI believes that it is useful to take a principles based approach to this issue. We note that the FCA's Responsibilities of Providers and Distributors for the Fair Treatment of Customers (RPPD) takes this approach and states: "What a firm has to do to meet the requirements of a Principle will depend on the circumstances, including the riskiness or complexity of the product or portfolio, who the firm is dealing with (another firm or a customer, for example) and the financial sophistication of the target market. Firms should bear all of these factors in mind in order to interpret the requirements of the Principles in a way that is proportionate." The RPPD distinguishes between providers and distributors and recognises that responsibilities flow from the activities that are undertaken. In a close relationship, where the intermediary understands the target market more than the insurer, it might be appropriate for the insurer to delegate some product authority to the distributor. In these circumstances the insurer would maintain appropriate oversight, but sign off would come from the intermediary.

BVI	Product governance arrangements for manufacturers are also endorsed by MiFID II and have been thoroughly considered by ESMA and the Commission in the preparation of the relevant Level 2 measures. Hence, we recommend that EIOPA refers to the standards already agreed upon in terms of MiFID II implementation as a basis for its work on delegated acts under IDD. Alignment between implementing standards applicable under IDD and MiFID is essential in order to ensure effective investor protection and to achieve a level playing field in the distribution of investment products. Therefore, we also urge EIOPA to work closely with ESMA on any Level 3 guidance in this area.
The Danish Insurance Association (DIA)	An insurance product is defined as a product covered by the classes of non-life insurance and life insurance listed in Annex I and Annex II of Solvency II. In Denmark such products can only be manufactured and brought to the market by undertakings that are licensed as insurance companies. In some cases intermediaries design the coverage, the target market, the terms and conditions etc. of an insurance product for a customer or a specific group of costumers. Since the intermediary does not insure the risk of the product, which requires a license, he is strictly speaking not considered to be a manufacturer of the product (as it would require authorization under solvency II). However, to the extent that the intermediary "de facto" designs and develops the specific characteristic of an insurance product (incl. the coverage, the target market, the terms etc.) and asks the insurance undertakings to offer the described product the DIA finds it reasonable and logic that the intermediary is subject to the same product oversight and governance requirements as manufacturers of insurance products (insurance undertakings), the only difference being that the manufacturer actually insures the risks. In this situation the intermediary goes further than specifying the demands and needs etc. of the individual customer or group of customers and gets quotes/proposals from the insurance undertakings.

Gesamtverband der Deutschen Versicherungswirtschaft (German Insurance Association)	First of all, we would like to point out that we appreciate the opportunity to provide comments on the questions raised. A detailed examination of the questions, however, was not possible in the short time available. An undertaking is to be considered the manufacturer of an insurance product when it designs the key elements of this product (i.e. eligibility requirements, exclusion of benefits, options, cal-culations and pricing) as well as the policy conditions, in particular. However, not every partial or preparatory contribution by distributors should be considered manufacturing (e.g. when brokers propose the wording of specific inclusions or exclusions). An overall assessment should be deci-sive. An intermediary could be considered as a manufacturer, if the insurance risk carrier is con-fronted with the fully or almost fully designed product, and where the insurance risk carrier merely constitutes an interchangeable commodity for the intermediary. On the German market, it is usually the insurance undertakings who design the terms and conditions. If brokers design the key elements of a product on their own, they are considered the manufacturers of this product. If insurance undertakings outsource the design to an external service provider (a lawyer, for instance), the general rules on outsourcing have to be observed (ultimate responsibility of the outsourcing undertaking pursuant to Article 49(1) of the Solvency II Directive 2009/138/EC).
OP Cooperative	Insurance companies applying similar organisational arrangements and procedures for the approval of each insurance-based investment products like investment product manufacturers are required to apply would be proportional. MiFID II rules for product oversight and governance arrangements to insurance-based investment product manufacturers would be justified by investor protection grounds. Different rules for insurance companies and investment firms are not justified unless specific reason occurs. Where insurance firm work together with investment firm belonging to the same group to manufacture an insurance-based investment product, only one product oversight and target market assessment should be required.
EFAMA	Only the entity manufacturing the final insurance product should be considered product manufacturer and thus be subject to the requirements of Article 25 IDD. Article 25(1) IDD explicitly addresses insurance undertakings and intermediaries, thus fund providers managing investment funds which may be offered as investment options for unit-linked insurance contracts must not incur any responsibilities under this provision.

AFA Association française de l'assurance (FFSA - GEMA)	In some cases, brokers may be asked by the client (i.e. regional or local authorities, hospitals, big companies, agricultural exploitations) to develop a specific insurance contract in order to cover specific technical risks (i.e. for crop, animal and plant climatic insurance where the contractual relationship is moreover defined by the regulation 73/2009, civil liability insurance for medical corps or management boards -directors & senior executives in a specific professional sector). In these cases, on behalf of the client, the broker launches a call for tender for insurers who accept or not to carry the risk. The FFSA considers that the POG design procedures and arrangements are not relevant to these particular process where the client with the help of the broker defines the guarantees and conditions of the contract.
OPTEVEN ASSURANCES	We think that the activities of an entity are considered as manufacturing of insurance products when this entity creates ancillary products where an insurance product is sold separately or within a package of different products (non insurance products) or within a package of different insurance products.
ANACOFI	In our opinion, when intermediaries could be considered as manufacturing the insurance products and/or when he can alter one or more “core product features”. Moreover, when he contributes to the product’s manufacturing process not in the interest of one client but aiming to create a general product (offer) for some prospecting clients. However, the intermediary must not be submitted to strict obligations like prudential and solvency rules.
EIOPA IRSG	When an intermediary designs a product which is targeted at a group (not individual) of clients or potential clients. By "design" means - sets/proposes/agrees the coverage requirements - including, perils to be covered, limits of indemnity, excesses, wording, warranties/exclusions and rates as appropriate. It will also involve identifying the target group. In the EU there are tens of thousands of such schemes. The approach should not be a catalogue but be principles-based to capture the effective participation of a distributor in product manufacturing. For example many brokerages have a broad range of schemes/programmes designed, targeted and managed for private motor insurance, motor trade, travel insurance for affinities (various), professional indemnity for insurance intermediaries, group life, critical illness and income continuance insurance for bank officials. Thousands of intermediaries in the EU have tens of thousands of schemes for all sorts of trades, groups, affinities, professionals both life and non-life. The vast majority of which have served and continue to serve groups and the

	public well without any unnecessary additional cost or bureaucracy, therefore additional rules should be targeted at problematic areas. In addition, care has to be taken to avoid to construe every bidding process organized by a broker as manufacturing.
Managing General Agents' Association	An intermediary would be considered as being the product 'manufacturer' where it is responsible for the drafting of policy wordings and, to a lesser extent, endorsements which affect the cover provided to the customer. This would include the development of policy wordings for new products. Manufacturing could also include the process of setting premium rates to be paid by the customer. Below are examples of activities which might indicate that the intermediary is the manufacturer: • There is an agreement between the intermediary and the insurer which acknowledges that the intermediary owns the intellectual property rights to the product wording and/or premium rating structure • The product carries the intermediary's brand • The intermediary's product remains the same, irrespective of who the insurer is • The intermediary is the conduit for management information on the performance of the product • The intermediary is responsible for appointing and overseeing third party claims handlers and other third party administrators
IFDS	IFDS is a provider of administration services and does not believe any of the activities it is involved in can be defined as manufacturing. We consider manufacturing is the creation of a product, through the formulation of a contract of insurance and accompanying terms and conditions. Therefore, bundling together multiple distinct products without changing the intrinsic terms & conditions and behaviours of either product should in our view be considered as a 'proposition' rather than a secondary act of manufacture. We believe more clarity is needed around the EU definition of manufacturer particularly regarding insurance based investments.

Allianz SE	Generally, manufacturing should be defined by the the core of the product design process, in particular the definition of coverage, underwriting guidelines, pricing (including discounts etc.), not just by the fact of providing a risk carrier. This means that an intermediary becomes a manufacturer to the extent he or she performs these functions and the insurance risk carrier merely provides the risk capacity as a more or less interchangeable commodity. The assessment of the division of labour and the resulting responsibilities between intermediary and insurance undertaking should be principles-based and proportionate and aim at reducing potential gaps in responsibility towards the end customer over the whole value chain. From this perspective, the intermediary typically has the primary responsibility for meeting the customer demands and needs anyway and therefore his or her responsibility may only be increased moderately by additional responsibilities in connection with taking over part of the manufacturing. On the other hand, the assessment of the division of labour should not be overly complex and burdensome. In particular, not every preparatory activity by an intermediary should be considered manufacturing, such as minor inclusions or exclusions of coverage by broker wordings or organization of a bidding contest among insurance carriers.
Actuarial Association of Europe	The activities of an entity should be considered as manufacturing of insurance products when contracts entered into result in the transfer of risk from a customer or customers to the entity. Examples of activities involved in manufacturing could include: - product pricing; - risk underwriting; - risk management and reserving; - risk capital management; - arrangement of reinsurance; and - investment of policyholder and shareholder assets.
BIPAR	Insurance intermediaries, filling in gaps existing in the insurance market or responding to customers' requests, can decide to design insurance products/schemes targeted at a group of customers or potential customers (ex: private motor insurance, critical illness, group life, travel insurance for members of a trade union). Those activities can be described as follows: - To develop specialised insurance programmes and products for very specific risks - To design insurance products and introduce them into the market under intermediaries' own brand - To design bespoke insurance schemes (risks to be covered, terms and conditions, exclusions rates, etc..) for specific purposes for a specific target group . It is important to underline that intermediaries, even if they manufacture a product, never carry the insurance

	risks (they carry the sale/advice risk): Even where an intermediary assists in designing the product, identifies the target market and devises the rating structure, the intermediary still has to obtain approval from the insurance undertaking or undertakings (if using more than one) to agree to underwrite the risks. In approaching the insurance undertaking to underwrite the proposed policy, the insurance intermediary will design a product based on customer feedback and their understanding of the market, but the product will not be launched at all unless an insurance undertaking agrees to underwrite it. This principle equally applies where a contract of insurance is bespoke negotiated between an intermediary and an insurer as is common practice in specialty markets. Because of the significant differences that exist between life with investment element products (IBIPs) and non-life/ pure life products, it is pertinent in EIOPA technical advice to differentiate the activities of IBIPS manufacturers from the ones of non-life/life manufacturers.

Name of Company	**Q2: If more than one entity is involved in the manufacturing of insurance products, how should the responsibilities of the respective entities be defined and distinguished? Should the entities be obliged to lay down their respective responsibilities in a written agreement?**
Matrix Underwriting Management Ltd	At the end of the day the buck stops with the Insurer, so that's where the final decision making needs to lie.
Association of International Life Offices	We would expect that manufacturers and distributors will want to document their obligations in relation to jointly manufacturer products, and possibly apportion legal responsibility through indemnification.
European Federation of Financial Advisers and Financial Intermediaries (FECIF)	The entities should have the right to arrange the division of responsibilities themselves; the rule of written agreement seems reasonable.
Bund der Versicherten	Yes, there should be a written document which lays down the respective responsibilities of the involved entities. Additionally each company should be obliged to create the function of a product manager, who is responsible for the implementation of this document and for the information of all relevant staff members about it. Usually product managers are already responsible for the development and for the launch of new products.

ABI	The obligations that apply to manufacturers should also be applied to those intermediaries who are involved in the product design and development. To do otherwise would result in imposing requirements on insurance undertakings to supervise intermediaries who are equally involved in the design and manufacture of a product. If more than one entity is involved in the manufacturing of insurance products, which is common, then a contractual agreement is put in place. It would be very hard to define and distinguish these respective responsibilities at a European level because these responsibilities are constantly evolving between products and between different intermediaries and insurance undertakings. There is a risk that in attempting to prescriptively define and distinguish responsibilities, innovation and competition could be discouraged.
BVI	In our opinion, only the entity manufacturing the final product wrapper with all characteristics to be offered to customers should be considered product manufacturer and hence should be subject to the requirements of Article 25 IDD. In any case, since Article 25 (1) IDD is explicitly addressed to insurance undertakings and intermediaries, fund providers managing investment funds which may be offered as investment options for unit-linked insurance contracts must not incur any responsibilities under this provision.
The Danish Insurance Association (DIA)	No, it should not be mandatory to lay down the respective responsibilities in a written agreement. The allocation of responsibilities between the entities and the question of whether it should be established in a written contract must be based on an individual assessment in each case.
Gesamtverband der Deutschen Versicherungswirtschaft (German Insurance Association)	This setting is of limited relevance on the German market. When the responsibilities for particular elements of an insurance contract can be clearly distinguished, the capacity as manufacturer may be split accordingly. If this is not the case, all entities involved in the manufacturing of the product can in principle be the manufacturers of the product. A formal obligation for insurance undertakings and brokers to lay down their respective responsibilities in a written agreement is not necessary. If they make use of this possibility voluntarily, however, this should be taken into account. In case of doubt the entity which acts as insurer in relation to the customer will be responsible for the POG process. Any obligation with regard to a formal agreement between the entities should follow a principles-based approach in order to balance effectiveness and economic burden in accordance with the principle of proportionality.

OP Cooperative	Where insurance firm work together with investment firm belonging to the same group to manufacture an insurance-based investment product, only one product oversight and target market assessment should be required. Written agreement is not necessary when entities belong to the same group.
EFAMA	EFAMA agrees with the proposal that written agreements laying down the respective responsibilities of collaborating entities should be required.
AFA Association française de l'assurance (FFSA - GEMA)	In the cases above, the content of the contract is negotiated between the client and the broker. We are not in the conditions set up in article 25 where the product is manufactured for sale to customers. “Insurance undertakings, as well as intermediaries which manufacture any insurance product for sale to customers…. “
OPTEVEN ASSURANCES	The responsabilities of the respective entities should indeed be defined and distinguished within a specific contrat indicating the specific duties and rights of each entity.
ANACOFI	Entities are free to determine their respective responsibilities. We are in favour of a written agreement (contract) between entities.
EIOPA IRSG	When an intermediary acts as a manufacturer/product producer and does not carry the risk - of necessity an insurer is involved. The terms of any scheme designed by an intermediary have to be discussed and agreed with an insurer. Such arrangements would typically be covered by a written agreement but this should not be a formal requirement. In any case, care has to be taken to balance effectiveness of any requirement with the administrative burden. With regard to the general responsibilities of distributors and manufacturers, each should bear their own responsibility to ensure that the end-customer demographic of the product is as per the original design and researched target market for the product. Both manufacturers and distributors should discuss and exchange information regarding the product and target market. The manufacturer should define the target market, while leaving the necessary flexibility to the distributor where the product is suitable/appropriate for the customer. Distributors would therefore remain responsible for meeting the required standards for distribution and determining whether such sales remain suitable/appropriate. On the other hand, the key issue is to make clear to a client which parties are involved in the manufacturing of a certain product and what is their

	particular role, if this piece of information is relevant in maintaining a certain level of consumer protection. Depending of the “manufacturing process”, both insurers and intermediaries should be responsible for their own actions in front of the client. In such cases, shared responsibility might make both parties more “involved”.
Managing General Agents' Association	We are of the view that there should be a written agreement which sets out each party’s duties and obligations in the manufacturing process. This could be achieved by way of an addendum to the agreement which sets out the intermediary’s delegated authority. In circumstances where the manufacturing process is considered to be a joint one (i.e. where the insurer and intermediary are each required to play a part) one of the entities should take ultimate responsibility for the product, rather than creating a situation where there is an ambiguous ‘shared’ responsibility.
IFDS	As stated above IFDS is not a manufacturer so we do not feel in a position to comment on how manufacturers and distributors should define and distinguish their responsibilities between each other. However, there should be sufficient clarity around this to enable the end client to understand the responsibilities of each party.

Allianz SE	Generally, the responsibilities among the respective entities regarding manufacturing should be agreed upon to the extent necessary to ensure a responsible interaction among the entities. These arrangements would typically be laid down in a written agreement, but this should not be a formal requirement. In particular, the attempt at a clear and responsible division of labour between the respective entities should not lead to excessive obligations regarding mutual disclosure of each (internal) activity but merely define and allocate the responsibility for key activities. Rules governing these arrangements therefore should be defined as minimum standards. In addition, they should be principles-based and proportionate to balance effectiveness and the resulting administrative burden.
Actuarial Association of Europe	The responsibilities of each entity involved should be made clear to the customer in policy documentation. The entities involved should be required to enter into a written agreement or contract whereby respective roles and provisions for payments, governance, termination, and other material aspects would be laid down.
BIPAR	Every party involved in the manufacturing of the product is responsible for its own part of the manufacturing activity. The terms of products designed by insurance intermediaries will be discussed and agreed with the insurers who will carry the risks covered by the products. Respective responsibilities are covered by existing agreements between the parties at national level in the different insurance markets in the EU. As referenced above, the ultimate decision as to whether to underwrite the risk onto their balance sheet rests with the insurance undertaking. As such, POG needs to be considered as required within an insurance undertaking's risk management controls. It would be an unnecessary layer of duplication to place a matching requirement on the insurance intermediary as well.

Name of Company	**Q3: According to Article 25(1)(3) IDD, the product approval process should specify an identified target market for each product and shall ensure that the intended distribution strategy is consistent with the identified target market. From your point of view, which are the essential factors and criteria to identify the target market? How should the target market be understood in the context of insurance products which are supposed to be distributed to the mass market? Should there be different levels of granularity, e.g. depending on the complexity of the insurance product?**

Create Solutions Ltd	This is a difficult one. I would start with the complexity of the policy wording and exclusions. If it is a consumer product aimed primarily at (for example) policyholders likely to be under 25 years of age, it should be constructed using simple language. If the target market is a micro enterprise, the assumption should be that these persons should be treated (with regards to use of language and complexity) as consumers. Risk warnings on websites should be available in all common languages or a translation facility provided. Policies on which people may depend for their livelihood or accommodation should carry risk warnings.
Matrix Underwriting Management Ltd	The sophistication of the policyholder needs to be taken into account, the level of protection needs to graduated from the private consumer, to a small business and up to the global companies who will have in house insurance capabilities.
ANASF	In general, we believe that product governance obligations for both manufacturers and distributors pursuant to IDD should be aligned with the delegated acts which are required by MiFID II relevant provisions (cf. ESMA's Technical Advice to the Commission on MiFID II and MiFIR , 19 December 2014 ESMA/2014/1569, par. 2.7, hereafter ESMA's TA). To enhance customer protection, we agree with the proposal to envisage different levels of granularity for the identification of the target market depending on the complexity of the insurance product.

Association of International Life Offices	As a preliminary point and from AILO's perspective, that is, representing cross-border insurers, when an insurer selects to enter a new market it is already insurers' standard practice to "identify the relevant target market of a product". In a cross-border context, this typically means the insurer studies the target, i.e. host State, market in detail as part of its preliminary product design. Essential factors include: population, including segmentation; disposable income, wealth and assets; sophistication of consumers and appetite for different types of product; competitors (both domestic and cross-border and market shares); availability of distribution channels and types of distribution (agents, brokers, banking networks, other financial intermediaries/advisers, direct sales, e-commerce, etc.); tax or other incentives to encourage purchase by consumers of specific types of insurance. Based on that market-wide review, the insurer then identifies possible/short-listed channels. These are usually independent distributors on whom the insurer relies, since it is the independent distributor who knows the target market and will decide whether to select the cross-border manufacturer as a supplier. The insurer will also research any risks to the target market, such as adverse tax consequences for early redemption and whether these risks can be appropriately disclosed or mitigated by product design. In the case of a product identified for a mass market, the manufacturer would be required to identify reasons as to why the product is suitable for all persons within this market. We do not believe that a PRIIP mandates a higher level of specificity for assessing the needs and risks of the target market. In fact some of the more recent misselling scandals (eg. PPI) have occurred outside this group.
European Federation of Financial Advisers and Financial Intermediaries (FECIF)	Generally, FECIF thinks that the determination of the criteria and the delimitation of the target market should be the sole liability of the manufacturer, already subject to review by relevant NCAs. We feel that the target market would in most cases be determined by common socio-economic criteria that relate to e.g. the appropriateness and suitability test. Any fixed rules set here by EIOPA would inevitably become too rigid and would probably be bypassed.
Bund der Versicherten	The essential factors and criteria in order to identify the target markets must exactly be those which are necessary to give best advice on the basis of a fair and personal analysis: age, gender, family status, professional status, income, property, assets, credit commitments. These are the main characteristics of any mass market for insurance products. As insurance products have very different levels of complexity, there must be different levels of granularity for the analysis of possible target markets. This is particularly important for "packaged" insurance-based investment products (PRIIPs), which include very complex risk-reward relations, return probabilities and cost structures.

ABI	When designing products a firm will decide which types of customer the product or service is likely to be suitable (or not suitable) for. The methodology and level of detail that should be considered, will depend on the nature of the product and its general risk profile. Product Governance arrangements need to be proportionate to the level of complexity and the risks of the products as well as the nature, scale and complexity of the product. It is therefore important to respect the requirement enshrined in Article 25 (1)(2) of the IDD that the product approval shall be proportionate and appropriate to the nature of the insurance product. In the insurance investments market a firm will ensure that the complexity of the investment proposition is a reasonable match to the level of financial sophistication and understanding of the product's target market, so as to give prospective customers a fair opportunity to evaluate the product and understand the likelihood of a range of returns (including the possibility of receiving no return on their capital or making a loss). As a general point, it is very difficult to provide a single and granular definition of the target market, especially when the design of a product is for the mass market. Even within a mass market product, there may be vulnerable customers who do not fall within the "target market" but who are eligible to access that product and will benefit from it. Therefore it should be acknowledged that it remains possible to sell products outside of the intended target market. A rigid definition of a target market at product design level would lead to the exclusion of numerous customers from suitable insurance cover and a distributor should be able to deviate from the pre-set target market group if this is reasonable. The approach taken by the EBA in its guidelines on product governance, allows distributors to sell products outside of the target market defined by the manufacturer provided they are able to justify doing so. ESMA has also recommended the same principle in its technical advice to the European Commission on MiFID II. In order to ensure consistency, this principle should be applied to the insurance industry. This would ensure flexibility to the distributor where the product is suitable and appropriate for the customer. The ABI would recommend that any EU criteria to identify the target market should remain principles based and should consist of guidance to ensure that when designing a product at least the following has been taken into account by the manufacturer; • Age range • Geographical location/scope • Whether the product is for non-retail, retail mass market or is a specialist/niche retail product • Underlying risk to be insured • Intended distribution strategy

BVI	Identification of the target market is also required by MiFID II and will be subject to further specification by the relevant Level 2 measures. The implementation of the criteria for identifying the target market is still heavily debated by ESMA in view of possible supervisory guidance to be issued in this area. Hence, we recommend that EIOPA refers to the standards already agreed upon in terms of MiFID II implementation as a basis for its work on delegated acts under IDD. It also appears advisable to seek cooperation with ESMA on the Level 3 guidance for identification of the target market. Alignment between implementing standards applicable under IDD and MiFID is essential in order to ensure effective investor protection and to achieve a level playing field in the distribution of investment products.
The Danish Insurance Association (DIA)	In general the DIA finds that the differences between the various products need to be respected when applying POG guidelines, i.e. POG arrangements need to be proportionate to the level of complexity and the risks related to the products as well as the nature, scale and complexity of the relevant business of the regulated entity. It is therefore important to respect the requirement enshrined in Article 25(1)(2) of IDD that the product approval process shall be proportionate and appropriate to the nature of the insurance product Hence, the DIA agrees that there should be different levels of granularity with regard to the target market. In this respect it should be recalled that product risk is minor for simple insurance policies sold on a mass-market basis. For instance, a motor insurance is only suitable for owners of motor vehicles and further analysis of the target market would be pointless. In fact, the majority of simple products (in particular non-life products) are developed for the purpose of covering a particular risk. The persons affected by the risk thus form the natural target group. A more comprehensive target group analysis can be omitted in this context. Finally insurance products required by law or based on agreements between social partners should be subject to no or less stringent requirements. This also applies to insurances that are tailor made in order to cover the special needs of costumers' via terms and conditions, risk exclusions or inclusions etc. An example of this could be a group insurance scheme where an association wishes to cover all of its members by a third party liability insurance with predetermined coverage. In such an instance, it would not make sense that the insurer is obligated to carry out the POG process since it is presumed that the association has assessed whether the insurance is worth the cost. The same applies in relation to pension schemes in the labor market, where the undertaking has concluded the agreement with an employer or a professional body – perhaps through an insurance broker.

Gesamtverband der Deutschen Versicherungswirtschaft (German Insurance Association)	Undertakings should have sufficient leeway to define the target market. It should be clarified that the target market is always closely related to the need for insurance cover and the financial capabilities of the respective customers. According to the principle of self-assessment, undertakings should specify the level of granularity which is required in respect to a particular product. The comprehensibility of the product features which are relevant for the customer is an essential factor in this context, which should be preferred to the vague term "complexity of the product". With regard to products manufactured for the mass market, where the level of product differentiation is usually rather low, an abstract definition of the target market is only possible to a limited extent. As a result, very broad definitions of the target market may be applied with regard to these products (household insurance, third party liability insurance, for instance). Moreover, it must be clear that, in any case, irrespective of the specifications regarding the target market and strategy (design/distribution), consumers must be allowed to purchase a particular product that is suitable for them. The determination of the target market is abstract by its very nature. Product testing processes, which are adjusted to a generalized target market, should not be expected to replace a careful balancing of customer demands and needs or the provision of individual advice. For instance, with regard to life insurance products it is to be taken into account that they usually run over several decades and that very flexible products are able to react to changes in the life of the policyholder by providing numerous options.
OP Cooperative	MiFID II requirements should apply when identifying the target market for insurance-based investment products.
EFAMA	In order to achieve the fundamental and overarching policy intent of the overall PRIIPs initiative, it is essential to ensure alignment between Level 2 measures under IDD and MiFID. In particular, for unit-linked insurance contracts with investment funds as their underlying investments, product oversight and governance arrangements (e.g. target market, product approval process and disclosure to the client) should reflect the framework established under MIFID II. We therefore urge EIOPA to refer to the relevant provisions in the MiFID II Level 2 Regulation and Directive. We also urge EIOPA to work closely with ESMA on any Level 3 guidance in this area.
AFA Association française de l'assurance (FFSA - GEMA)	Firstly, for insurance products distributed to the mass market, there is no need to give a detailed target. For example, a motor insurance is only suitable for owners of motor vehicles and further analysis of the target market would be pointless. The persons affected by the risk thus form the natural target group. A more comprehensive target group analysis can be omitted in this context. Secondly, these arguments are also valuable for insurance products required by law or based on agreements

	between social partners. In these case the target market is defined by the law. For example in France, firms are under the legal obligation to subscribe health insurance for all their employees and minimal guarantees are set up by law. Also, in our opinion, professional risks which do not fall under the definition of large risks should be excluded where these risks require tailor made insurance cover as it is often the case. This is in line with ESMA's statement "the criteria used to define the target market and determine the appropriate distribution strategy must be relevant for the product". As to the insurance-based investment products, Article 8 (3) c) iii of the PRIIPS Regulation already defines two criteria: the ability to bear investment loss and the investment horizon. It should be up to the manufacturer to go further in the definition of essential factors and criteria to identify the target market. In any case, where personal recommendation is mandatory like in France there is no need for granular identification of the target market whatever the complexity of the insurance product is. For our part, even a really precise and detailed target market definition will never replace personal recommendation or suitability test. Target market definition should not result in restricting customer's choice when a product is proving to be suitable for him. For example more innovative products should not be reserved for an "elite" group while other customers would only benefit from basic products. In this sense a rigid determination of the target market will prove counterproductive. Product oversight should not be a barrier to investment opportunities in a moment where the European Commission is encouraging investment into smaller business and wants to overcome the obstacles which prevent business from reaching investors. In addition, a rigid target market definition will slow down creativity and lead to standardization of the insurance proposal and, in the end, will restrict free competition in the market. The exercise of free competition between operators must be ensured, as it is a basic framework for competitiveness and economic viability. As admitted by EBA and ESMA, when providing advice to consumers, distributors may sell products outside the target market defined by the manufacturer, provided they justify such decision in a durable medium attesting the advice given. Moreover manufacturers do not necessary know which distribution channel will be selected by consumers. In order to provide unlimited access to insurance to the benefit of the consumer and competition, distribution channels should not be limited to certain products or target groups as long as these channels are properly trained and able to recommend or sell one or several categories of products (e.g.: mass non-life insurance, health insurance, life insurance including insurance based investment products).
OPTEVEN ASSURANCES	The main criteria are : -the caracteritics of the goods (vehicle) - the usage of the goods (professional, private, heavy, transport)

ANACOFI	We propose that EIOPA determine the essential factors taking into account socio-economic criteria or statistic but nothing else. We consider that Nationals Authorities are competent enough to define the target market.
EIOPA IRSG	The key factors for identification of a target market should be the relevant criteria for the (potential) customer. In addition, it should be considered, whether the target market has sufficient mass to warrant the effort required to set up a differentiated scheme, are there potential benefits by way of pricing, coverage or control (or all three) to be taken into account? There will always different levels of granularity depending on the complexity of the target group and of the insurance product that is being distributed. Many insurance retail products (e.g. motor, household personal liability covers) have very broad target markets (with very few exceptions). The rules should not constrain the offer of such products to very broad target markets by defining an artificial minimum level of granularity. In any case, the description of a target market must not be taken as a substitute for the demands and needs test performed by the distributor at the point of sale. The reason is, that the definition of a target market by definition deals with abstract needs of a market segment, not specific needs of the relevant customer, which are ultimately relevant for the customer fit. Explicit recognition should be introduced to acknowledge that it remains possible generally to sell products outside of the intended target market. A rigid determination of a target market at the level of product design would lead to the exclusion of numerous customers from suitable insurance coverage, if – for different reasons – they do not form part of the target group, despite the fact that the product still meets their individual need for protection. The distributor has to be able to deviate from the pre-set target group if this is reasonable in a particular case. The same principle was also recognised by ESMA in its technical advice to the EC on MiFID 2. In order to ensure a consistent and coherent approach, the same principle should apply here. This would leave flexibility to the distributor where the product is suitable/appropriate for the customer. From the consumers' perspective, proportionality is key – as one can argue that a general rule on identifying target markets in this case is difficult to establish.

Managing General Agents' Association	Because of the diverse nature of insurance products, the insurance market and the distribution models used within it, we believe that making any detailed requirements for the identification of target markets would be both overly restrictive and impractical to implement. For example: • A private motor product which is designed and priced to aim at young drivers, but is sold to an older driver because it also happens to be competitive, is unlikely to cause issues as the essential cover requirements would be the same. • A home insurance product designed specifically for a particular affinity group may well have cover features or restrictions which have been developed because of the nature of the group. This could be problematical if the product was sold to someone outside that group. • Small businesses in a particular trade or profession may expect certain covers and/or limits for that trade or profession, which may be absent if they are sold a policy aimed at a different type of business. Where policies are distributed by an independent broker, which is required to identify the demands and needs of the client before selecting the product or products, there would be less need for the manufacturer to define the target market when designing the product. The broker's duty to its client is to ensure that the products recommended are suitable. Additionally, new target markets often emerge due to legislative, political and technological developments, meaning that any prescriptive approach to the identification of target markets is unlikely to keep pace with the changes in approach that may be required for such new markets. All this suggests to us that different levels of granularity are required for different products and markets. Consequently, product developers should only be required to consider a range of factors and criteria determined by the likely outcome of a product being sold to a person or body for which it was not designed or targeted. But, as can be seen from the above examples, this does not necessarily result in a poor outcome for customers. We would also suggest that products which are designed solely to meet a legal obligation to effect insurance (e.g. motor third party and employers' liability insurances in the UK) are excluded from product approval requirements on the basis that the law effectively sets the design of such products.

IFDS	IFDS recognises there are likely to be variations in the different levels of granularity depending on the type of product and the complexity of it, particularly in respect of insurance based investments. As a general principal, and where applicable, we welcome alignment with MiFID II. In the UK industry, the Tax Incentivised Savings Association (TISA) has been looking at a model for the identification of a target market and the information that would need to be passed to a distributor in order to help them sell to the initial identified target market. TISA's aim is for a general standard in the market, and to allow centralised services to implement a way in which such information can be shared and assessed. IFDS suggests EIOPA consider the work TISA has done in this area when looking at IDD target market. We recognise, however, that demographic considerations are likely to be more appropriate to an insurance-based product than to the range of MiFID II investment products.
Allianz SE	The scope of the target market should be identified in terms of relevant criteria for the buyer, i.e. the customer. In particular, no specific level of granularity should be required: Since many retail insurance products are suitable for very broad market segments, it should be permissible to define broad target market, possibly complemented by identification of unsuitable target groups. As an example, a personal liability insurance product could be designed to be suitable for almost all retail customers except for group XYZ. In any case, the prescription of a target market cannot and should not substitute for the primary responsibility of the distributor to take responsibility for the assessment of demands and needs of the customer. The manufacturer can certainly be expected to make some generalized theoretical assessment of the general fit of a product for certain customer segments. It should be noted, however, that by its unavoidable level of abstraction, this assessment cannot substitute fully for the individual assessment of fit or demands and needs at the point of sale (POS). In addition, the manufacturer has neither specific controls nor instruments for enforcement of the individual sales process, especially for independent intermediaries. Adequate rule therefore should take these circumstances into account.

Actuarial Association of Europe	The target market for any new or revised product or any product variation can be identified in relation to one or more characteristics, including for instance: - geographic aspects; - age; - income or wealth bracket; - activity undertaken by customer, e.g. occupation, leisure pursuits, loan purchase; and - gender. The level of detail used to describe the target market should be sufficient to distinguish the target market from other segments of the market. Particular attention should be paid to products which include potentially vulnerable customers in the target market. Examples of potentially vulnerable clients include those who are: • using financial products or services for the first time; • operating without the benefit of advice, e.g. in the case of direct sales via the Internet; • in adverse or stressful circumstances, and prone as a consequence to make less rational decisions; • unduly swayed by marketing and advertising materials or approaches; • low in language, literacy and/or numeracy skills; • living in a high risk area prone to risks such as flooding, theft or burglary; • physically or geographically isolated; • in need of products which require high levels of specialist knowledge; • advanced in age; or • acquiring insurance products which are linked to other products and/or purchases.
Assuralia	Q3 (1): According to the IDD, insurance undertakings and intermediaries which manufacture any insurance product for sale to customers have to maintain a product approval process that, amongst others, requires the specification of an identified target market for each product. In its latest consultation paper on Product Oversight and Governance (POG) guidelines (EIOPA-CP-15/008), EIOPA seems to indicate that this target group has to be defined quite narrowly and that sales outside this rigid target market are only permitted exceptionally. Assuralia would like to point out however that the majority of simple products (for instance home and motor insurance) are developed for the purpose of covering a particular risk. All persons affected by the risk thus form the natural target group. Further delineation of the target market would not be appropriate and could lead to the exclusion of customers from suitable insurance coverage if, for different reasons, they do not form part of the target group despite the fact that the product still meets their individual needs. For life insurance products a narrowly defined target market would be hard to reconcile with a portfolio approach, where both defensive and more risky investment products can be sold to the same investor in order to achieve a balanced investment portfolio. The target market is therefore defined in a broad way by the manufacturer. Assuralia does not find it appropriate to determine factors and criteria which would lead to a more narrowly defined target market.

	A broadly defined target market better acknowledges the role of the distributor involved, while maintaining an appropriate level of consumer protection. The identification of a broad target market by the manufacturer enables the distributor to understand to whom the product can be sold and serves as a first filter (at product level) to ensure the product is not sold to customers for whom it would not be of value. However, it is the distributor involved who, based on the analysis of the customer's demands & needs or the suitability & appropriateness test in case of insurance-based investment products, is best placed to determine if that particular product is aligned with the customer's needs (at customer level). The analysis of the customer's interests, objectives and characteristics should remain the responsibility of the distributor. This is also consistent with the rules in the IDD. This division of responsibilities and tasks between the manufacturer and distributor would ensure that products are only sold to customers for whom they are fit, without depriving customers from valuable insurance products in case they are not part of the target market. Sales outside the target market defined by the manufacturer should in any case remain possible, provided that the distributor is able to justify it (for instance with the outcome of the demands & needs test). We would like to point out that the POG arrangements (such as the identification of a target market) lose value when applied to tailor-made products. Insurance products for SMEs or other legal entities, for example, are often fully or partially tailor-made to the specific needs of the customer involved. A clear example can be found in third party liability insurance for operational risks, where the insurance coverages, insured amounts, geographical coverage … can heavily depend on the activity of the corporate client in question. Insurance products for larger legal entities (not always 'large risks' under the IDD) are based on negotiations between the customer and insurer and contain elements which are specific for that particular customer. These products would evidently meet the objectives and needs of the customer involved, as they are customized. Application of the POG requirements would for the same reason also prove difficult in case of occupational pension schemes, as they are the result of social negotiations between the employees and the employer and contain characteristics which are defined by law (for example the end date of the contract has to be fixed at the retirement age). Q3 (2): With regard to insurance products intended for distribution to the mass market, the target market should not further delineate the natural target group of the product involved, namely all persons affected by the risk that is covered by the insurance product (see above).

	Q3 (3): The target market should be kept at a broad level for all insurance products in order to counter the problems described above. Assuralia is supportive of the principle of proportionality that is introduced in EIOPA-CP-15/008 and considers that the nature, scale, risks and complexity of the insurance products and the relevant business of the manufacturer or distributor involved should be taken into account. This principle of proportionality should avoid too burdensome processes for insurance business classes with lower risk and / or complexity. This is particularly important for non-complex products. Assuralia would like to stress that a broad target market definition should be the default approach for IBIPs as well. We do not agree with the proposal made by the ESAs (cf. consultation on the draft RTS for the PRIIPs KID, JC 2015 073) to identify a multitude of target markets for insurance-based investment products, depending on the age of the customer involved (for instance a target market 30-40 year olds). The ESAs consider this to be an appropriate approach with regard to biometric risk covers, which depend on the age of the customer. We find this reasoning to be incorrect, as the biometric risk coverage takes into account a multitude of individual characteristics (health status, smoker or non-smoker, age, requested coverage …). It is not possible to identify different target markets based on all these characteristics and make different KIDs for the same IBIP accordingly. We therefore urge EIOPA to keep the definition of the target market broad and at product level.
BIPAR	The target market could be defined as 'anyone who is eligible to claim benefits or a return under the product'. This should work with both non-investment and insurance-based investment products and is sufficiently generic to permit its use with products designed for the mass market. Factors that could be taken into consideration when identifying the target market, might include: • Ownership – regarding loss or damage to property • Activity-based – for liability cover, e.g. employers' liability; drivers involved in road traffic accidents; from the use of other people's property • For IBIPs specifically – risk appetite It is important to note that it is not because a product has been identified for a special target market that it is just fit for it. Depending on customers' personal circumstances there may sometimes exist specific reasons to sell/buy products identified for other target markets (e.g. a pension insurance may in general terms be designed/manufactured for customers aged between 20 and 40. But due to a personal tax situation it might be of utmost interest for a customer aged 50 to buy a pension insurance in comparison to other financial products on the market. It still must be possible for a properly advised and/or

	informed customer to decide for a product for which he does not belong to the generally identified target market). BIPAR believes therefore that in its technical advice to the European Commission, EIOPA should introduce the possibility to sell products outside of the intended target market. As explained above, the distributor should be able to deviate from the pre-set target group if this is reasonable in a particular case and where the product is appropriate /suitable for the customer. There can be different levels of granularity between non-life/pure life products and IBIPs. Strict product oversight and governance provisions for non-life insurance products will be burdensome with no added value for consumer protection. A difference should be made between Life with investment element and non-life/ pure life but also between private consumers and business consumers. We wish to point out that the situation of non-life and IBIPs is completely different. For IBIPs, the risk is transferred from the company to the client. For non-life products the risk is transferred from the customer to the company and the detail of the product is always adapted to the specific conditions. There are differences between general and specific conditions. The latter are always adapted to the customer. This should be taken into consideration in EIOPA technical advice under the IDD.

Name of Company	**Q4: According to Article 25(1)(2) IDD, the product approval process should be proportionate and appropriate to the nature of the products. Would you consider it appropriate and necessary requiring manufacturers to ensure that the insurance products are fairly priced and offer added value to customers?**
Create Solutions Ltd	Yes There are policies in the UK that wholesale at 60 pence and purport to cover ten or more legal covers (family legal/employment/neighbour disputes etc.) A customer may pay up to £30 for these.They will only pay out is there is a reasonable prospect of recovery i.e.. a legal firm making a profit out of the claim
Matrix Underwriting Management Ltd	Whats fairly priced and adds value is a matter of opinion, the offering needs to be clear and precise so that the consumer is able to make an informed decision. The market place is extremely competitive so it will ensure that ultimately the product offers fair prices and added value. If there are any situations where an Insurer or intermediary can control a specialised area of the market then more control over them

	is needed.Larger entities are quit capable of deciding these issues for themselves.
Association of International Life Offices	Insurers will need to ensure that their products are competitively priced and offer value to customers, based on the risks covered and benefits provided, to ensure market share. However, insurers also compete on non-price criteria such as the choice of funds provided, their superior performance, service standards, online offering and claims experience. Accordingly, we believe the concept of fair value is vague and subjective, and any regulatory requirement would be inappropriate.
European Federation of Financial Advisers and Financial Intermediaries (FECIF)	FECIF is strongly against depriving customers of their right to choose from differently priced and constructed products introduced within a competitive market. The proposal seems a soft return to central planning, where some sort of central "fair price" rule substitutes market forces (in a highly competitive market!). FECIF believes that it is not possible to take this kind of proposal seriously in free market economies.
Bund der Versicherten	Yes, it is appropriate and necessary that following to nature of the products the product approval process shall specify an identified target market for each product and assess all relevant risks to such identified target market. Complex insurance-based investment products, but which are offered in a standardized form (like possibly the future Pan-European Personal Pension products – PEPP), may follow a simplified product approval process. Consumer detriment can only be prohibited if insurance undertakings regularly review the insurance products they offer, taking into account any event that could materially affect the potential risk to the identified target market. Product testing and product monitoring must aim at guaranteeing a fair price. Any contract proposed shall be consistent with the customer's insurance demands and needs. Therefore added value to customer can only be guaranteed by best advice on a fair and personal analysis, which must guarantee an effective risk coverage for each policy holder (e.g. no overlap of coverage, neither underinsurance nor over-insurance).

ABI	Commerciality and competition in the market create a natural control for the pricing of products. If prices are not competitive then a firm will not be able to sell that product, particularly as it has never been easier for a retail consumer to compare prices as a result of price comparison websites. Firms regularly review their products to ensure products are competitively priced and that customers are getting the right cover to meet their requirements. The notion of a fair value price and the concept of added value for insurance products is highly subjective. Where a product is not competitively priced, there will be no market for it as consumers will not purchase it. The ABI fully supports the development of products that bring value to customers however does not believe that it is appropriate for EIOPA to consider requiring manufacturers to ensure fair pricing or demonstrate added value. This requirement would be subjective, open to interpretation and could potentially have unintended consequences for pricing mechanisms, which could hinder competition. Additionally, such a requirement would not correlate with the content of Article 25 of the level 1 IDD text and would go much further than the essence of the text.
BVI	Yes. We believe that these requirements are implied by the need to ensure that the product is and remains consistent with the needs of the identified target market as endorsed by Article 25 (1) fourth subparagraph of IDD.
The Danish Insurance Association (DIA)	The DIA strongly supports that products brought to the market are “good products” that are to the advantage of the customers. Ensuring that their products and services bring value to their customers is the only viable business model for insurance undertakings in the long-run. Happy customers will keep being customers. In this respect it should be recalled that according to the IDD any contract proposed shall be consistent with the customer’s demands and needs. The DIA, however, cannot support any requirements with regard to the pricing of the products. The pricing of products and services is an internal, commercial decision and the pricing policies of an undertaking should in no way be subject to information requirements or other undue interference of the regulators and supervisors. In addition to this the notion of fair value price for insurance products is an inherently subjective one. Thus, where a product is not fairly priced, there will be no market for it as consumers will simply not purchase it. Moreover pricing is a matter of the free-market forces and is regulated by supply and demand. Finally the DIA finds that there is no legal basis for such a requirement in the IDD. First of all the aim of the product approval process is to ensure that insurance products meet the needs of the target market (recital 55). Also, Article 25(1)(2) stipulates that the product approval process should be proportionate and appropriate “to the nature of the

	products". In our opinion this cannot imply a requirement for manufacturers to provide information on the pricing of the products and the fair value of it. In fact such information is quite sensitive information, and there is a great risk that it will distort competition on the market.
Gesamtverband der Deutschen Versicherungswirtschaft (German Insurance Association)	It should be clarified that the provisions on internal product oversight and governance arrangements shall not lead to a general price control or to detailed provisions on the product design. The terms "fairly priced" and "(added) value" are abstract legal terms which are not provided for by the IDD. The German insurance industry approves of the concept of fair prices and products which offer added value to customers. However, we disapprove of a general price control by supervisory authorities or courts as a result of establishing and monitoring vague obligations. Such a far-reaching intervention power would constitute a paradigm shift in the supervisory regime and therefore require an explicit mandate by the European legislator on Level 1. In a market based on fair competition, the decision on whether a product is adequately priced is to be made by the customer who needs to be provided with transparent information on the value for money for this purpose. Even if well-intended or (initially) only calibrated to very high margin thresholds (e.g. in order to avoid abusive pricing or "usury" aspects), the introduction of such instruments could subsequently be modified to ever lower permissible margins and would promote the undesirable politicization of pricing. In addition, the control framework provided for by the Directive on Unfair Terms (cf. Article 4(2), recital 19 of Directive 93/13/EEC), the specific national contract law (specific rules for the calculation of the surrender value, for instance) as well as by general legal principles on the protection of fundamental principles (laesio enormis/usury: invalid unconscionable transaction involving an obvious inadequacy of performance and return) is applicable in this context. The same applies to the (added) value of a product. We kindly ask to make this clear to avoid any misunderstanding.
OP Cooperative	N/A.
EFAMA	Yes. We believe that these requirements are implied by the need to ensure that the product is and remains consistent with the needs of the identified target market endorsed by IDD's fourth subparagraph of Article 25(1). Please also take into consideration the upcoming MiFID II's Level-2 framework the identified target market.

AFA Association française de l'assurance (FFSA - GEMA)	We do not see the link between the proportionality principle and insurance products' fairly priced and added value to customers. Proportionality demands that EIOPA's technical advice do not go beyond what is necessary to achieve the objective of the implementing acts set out in the legislative act. Appropriateness addresses the question of how the nature of the insurance product can be taken into consideration in terms of the practical application of the product oversight and governance arrangements. In this respect, customer needs are already an essential factor of the existing internal product design process within the undertakings. The benefits and needs of consumers are looked upon and this improves insurance undertakings competitiveness on the market. As for the price, it does not depend on the nature or the complexity of the product but on the estimated risks and guarantees chosen by the customer.
OPTEVEN ASSURANCES	We consider that the insurance products should be fairly priced (meaning a significant loss ratio) and should correspond to a genuine indemnity in case of claim.
ANACOFI	We consider that an appropriate product is not determined by "fair price". We are opposed to take into account this type of criteria for assessing product.
EIOPA IRSG	No. In particular, there should be no interference in a market process for price determination. The market should determine the pricing. Subjective terms like "fairly priced" should be avoided at all times. The term "added value" is less extreme but is still subjective. Who would govern or set a benchmark for a "fair price" - a regulator? Who should the price be fair to? The consumer, the salesman, the shareholder, the prudential regulator, the government that extracts IPT? In other words, the very open-ended wording could be used to establish a de facto price control through the back door. This would be a regime change (or paradigm shift) in supervision, which at the very least would need a clear mandate on level 1. The context of Solvency II coming into force and the requirements of the IDD itself (before the adoption of delegated acts) are more than sufficient to favorably influence both pricing and behaviour for the customer benefit. The notion of a fair value price for insurance products is an inherently subjective one – where a product is not fairly priced, there will be no market for it as consumers will simply not purchase it. While the insurance industry supports the development of good products that bring value to customers, EIOPA should not consider interfering with companies' internal pricing mechanisms, as to do so would inevitably hamper competition. For the overwhelming majority of insurance classes, pricing should only be one criteria among many others when deciding on

	buying an insurance policy and it should be left to the rules of the free market. However, care has to be taken when considering mandatory insurances which also have a social role. Paying claims on time, customer relationship, trust-building – these factors are sometimes far more important.
Managing General Agents' Association	We do not consider it appropriate or necessary for manufacturers to be responsible for ensuring that insurance products are fairly priced and offer 'added value' to customers, when selling through distributors. In a competitive marketplace, manufacturers should be free to price their products taking into account the nature of the risk, their expenses and an allowance for a reasonable profit. The UK regulator is currently considering how best to measure the value of insurance products, with a view to requiring information to be published that will assist consumers when making purchase decisions, determining for themselves whether a product offered provides fair value for money in relation to the risks that it covers. This may well lead manufacturers to compete with each other more effectively in terms of the value. This approach is preferred to a requirement to determine fair pricing in the product approval process.
IFDS	As stated previously IFDS is not a manufacturer so we would generally not choose to comment on the approval process for products. However, IFDS supports measures which would be for the general good of the industry as a whole and that lead to a well-functioning market. We accept that this would generally include ensuring the product approval process is proportionate and appropriate to the nature of the products concerned, and ensuring products are fairly priced and offer added value for consumers. However, any such measures should be carefully constructed to avoid stifling price competition between firms.

Allianz SE	No. The he introduction new criteria of “fair pricing” or “added value to customers” could be understood as the introduction of (direct or indirect) price controls through the back-door. This would constitute a regulatory regime change or paradigm shift. Such far-reaching in the supervisory regime would require an explicit mandate on level 1 of an applicable act. While it is understood and acknowledged that such an approach would be well-intended to avoid abusive pricing, it could lead to adverse undesired and unintended consequences, in particular an ongoing dispute on what constitutes “fair pricing” and “added value to customers”, and the politicisation of (market) prices. In addition, administrative pricing rules often do not sufficiently take into account important factors such as quality of service and innovative aspects, thereby potentially lowering quality and stifling innovation. Generally, effective competition based on relevant transparency to customers and clear allocation of responsibilities between intermediaries and manufacturers should provide an overall superior approach and sufficiently ensure effective competition that leads to valuable and differentiated innovative offers at reasonable prices.
Actuarial Association of Europe	Fairness of pricing and value added to customers would be two important criteria in a product approval process. These concepts are difficult to objectively define, though quantifiable and consistent measures should be included in the process. Design and calculation of these measures should be carried out with reference to the actuarial function. Considerations and conclusions on the part of the entity could be supplemented by targeted industry quantitative indicators to highlight actual and likely comparative customer outcomes.
Assuralia	Assuralia finds it neither appropriate nor necessary to require that the insurance products respond to vague concepts such as ‘fairly priced’ and ‘offer added value to customers’, as these terms can be subjective and could create legal uncertainty. Such a requirement would have no added value in respect of other requirements that impact the pricing of insurance products (such as conflicts of interest requirements, solvency requirements…). The terms ‘fairly priced’ and ‘added value’ can be subjective. Whether or not a particular product offers added value is to a large extent a customer-specific question, as the answer would highly depend on the specific insurance needs of the customer or even its overall insurance portfolio. Both European (for example IDD and PRIIPs Regulation) and national law already ensure that the customer is provided with suitable pre-contractual information on the overall price and features of the insurance product, enabling him to

	decide whether he finds the product to be fairly priced and of added value to him. Besides, distributors are obliged to analyse the demands and needs of the customer and to assess the suitability or appropriateness of insurance-based investment products. These obligations ensure that a customer is only sold products which are in line with his needs and therefore offer added value. The basic obligation to act honestly, fairly and professionally in the best interest of the customer (art. 17 IDD) already applies in Belgium. We believe that this general obligation stimulates a fair pricing of products. Finally, it would not be appropriate for EIOPA to interfere in the pricing of insurance products. In order to protect competition, the pricing of insurance products should be left to the insurance undertakings, which have every interest in offering their products at competing prices and acting in the best interest of their customers.
BIPAR	The insurance market is a highly competitive market. There should be no interference in a market process. The current market mechanisms will automatically ensure that the insurance products are fairly priced and offer added value to customers. From an economic perspective a product must bear its own costs (administration, loss payments, supervisory costs, etc.) This may be totally different from one undertaking to another due to business plans, loss ratio, major losses and many other aspects. As commercial enterprises, insurance industry participants must be free to set pricing that reflects the experience within their own portfolio of risks underwritten, as well as allow for a reasonable profit. Anything else might see capital investment in the industry decline and could deter new entrants. Terms like “fairly priced” are subjective and therefore difficult to implement. In any case, -under the IMD I and soon under the IDD - each market player has to do a demand and needs test before concluding an insurance contract. In the context of insurance contracts, terms like ‘added value’ is also open to vastly differing interpretation and so should be avoided. This would be particularly true in the case of new products where there would be limited reference data against which any judgement of “fair” might be made. As such, any requirement along these lines has the potential to stifle innovation in insurance markets to the detriment of the customer. It is difficult to see how such language fits in with the EU REFIT initiative that aims to contribute "to a clear, stable and predictable regulatory framework" (to quote from the Annex to the Commission Work Programme 2016: http://ec.europa.eu/atwork/pdf/cwp_2016_annex_ii_en.pdf). The EU’s stated drive is towards ironing out unintended consequences and the cumulative effect of the measures the

	EU has taken since the financial crisis in 2008. In the UK, the FCA has acknowledged that the pace and volume of regulatory change we have seen since is not sustainable. BIPAR hopes that the Better Regulation Agenda will translate this into a real effort to press the pause button, step back and take stock of what is working and what is not.

Name of Company	Q5: Which information should the manufacturer of insurance products make available to distributors (as required in Article 25(1)(5), IDD)? Should the manufacturer inform the distributors about the fair value of the insurance products, in particular with regard to insurance-based investment products?
Create Solutions Ltd	Can't comment on investment products. There ought to be a ration between wholesale and retail price or commission level of product
Matrix Underwriting Management Ltd	I have no experience of investment products so can't comment.
ANASF	Thorough harmonization with relevant MiFID provisions is of utmost importance. Therefore, manufactures should ensure that information about an insurance product to distributors is of an adequate standard to enable distributors to understand and sell the product properly (ESMA's TA, par. 2.7.15).
Association of International Life Offices	Information should include all features of the product and pricing options, tax features, inheritance benefits, the definition of the target market and under what circumstances the product might cease to be suitable for that target market (eg change in risk profile to require capital protection). We do not agree that fair value can or should be quantified and accordingly 'informed' to the distributor.
European Federation of Financial Advisers and Financial Intermediaries (FECIF)	FECIF thinks that only a general rule should be set, obliging the manufacturer to provide its distributors ex-ante with all the information necessary to carry out the distribution/advisory activity with prescribed professional care. The responsibility and onus of proof of fulfilling this obligation should be related to the manufacturer, not the distributor.

Bund der Versicherten	The manufacturer should provide information on the main characteristics of the products, its risks and costs as well as circumstances which may cause a conflict of interests at the detriment of the customer. This information must be of an adequate standard, which is clear, precise and up-to-date. It is evident that the fair price of the product has to be part of this information, because the price – better the premium - is one of the main criteria for consumers for an informed purchase decision. The information given to distributors must be sufficient to enable them to: • understand and place the product properly on the target market, • identify the target market for which the product is designed and also to identify the group of customers for whom the product is considered likely not to meet their interests, objectives and characteristics. For PRIIPs it is particularly important to make scenario analysis by product testing and to monitor on an on-going basis during the life-cycle of a product any possible or actual factors and circumstances which may give rise to the risk of consumer detriment (especially risk-reward-profiles, performance scenarios and cost disclosures, which will be mandatory parts of the future KIDs).
ABI	There is no requirement in Article 25 of IDD (or in the PRIIPs regulation), or in the IDD itself for manufacturers to make available information on the fair value of insurance products or for there to be an interference in the internal pricing mechanisms of firms. A product manufacturer should provide information that is sufficient, appropriate and comprehensible to the distributor. Should the distributor ask for additional information then that should be provided. However, distributors' due diligence procedures should also equip them with sufficient information. It is important that distributors do not simply rely on the information provided by the manufacturer, but conduct their own analysis of the product and what information they require. The ABI does not believe that an exhaustive and prescriptive list of all appropriate information would be beneficial, because this will vary between the manufacturers and the distributors. As an example, in the event that an insurance undertaking manufactures a product to meet a distributors' own specification, the information that the distributor requires may be less, as they will produce their own documentation.
BVI	In our view, information on the fair value of the insurance product is essential for distributors in order to understand the characteristics of the insurance product and to be able to recommend a suitable insurance-based investment in line with the suitability criteria according to Article 30 (1) IDD.

The Danish Insurance Association (DIA)	Bearing in mind that the aim of the product approval process is to ensure that insurance products meet the needs of the target market (recital 55), manufacturers of insurance products should only be required to provide the distributor with information on the insurance product and the product approval process, including the identified target marked to enable the distributor to fully understand the individual insurance product and to comply with the requirements set out in the IDD, such as the needs and demands test. It this respect it should be noted, that as the Danish insurance market in general can be characterized as a mass market and the products to a great extent are copy pasted products, the distributors' knowledge of the differences between the highly identical products is crucial. In light of the above the manufacturer should not be required to inform the distributors about the fair value of the insurance products – such information is not necessary to meet the needs of the target market. Moreover, it is the prerogative of the manufacturer to decide on the pricing model. Finally such information is quite sensitive information, and there is a great risk that it will distort competition on the market.
Gesamtverband der Deutschen Versicherungswirtschaft (German Insurance Association)	Of course, the distributors should obtain any information relevant for understanding the product, i.e., in particular, information on the group of customers for whom the product is or could be suitable. Distributors must obtain any information which will enable them to distribute the product in the best interest of the customers. Which information is relevant in the case of the individual product should be decided by the manufacturer in accordance with a principles-based approach. It is not clear what is meant with "fair value" in this context and what the added value of an obligation to provide such information should be. It should be borne in mind, that insurance products typically derive their value from the final payoff or outcome, not from any interim value. The focus on an adequate fair value may distract distributors or customers from this most important aspect and therefore should be avoided as a formal rule. The EU legislator has stipulated important information on products in the Solvency II Directive, the IDD and in the PRIIPs Regulation. The term "fair value" is not being used at Level 1 and should not be introduced at Level 2 either. For instance, for insurance-based investment products, a classification of the chances and risks and an indication of the costs are crucial. These are stipulated by means of respective specifications under the PRIIPs Regulation. This information should also be sufficient for the intermediaries.
OP Cooperative	N/A.

EFAMA	Yes. This information is essential for distributors in order to understand the characteristics of the insurance product and to be able to recommend a suitable insurance-based investment product in line with the suitability criteria according to Article 30(1) IDD.
AFA Association française de l'assurance (FFSA - GEMA)	The information provided to distributors should mainly focus on the characteristics and risks of the product on the basis of the IPID or PRIIP's KID and if any, on other criteria defined by the manufacturer to identify the target market. This information should be updated in case of significant adaptation of the product. We do not understand what EIOPA exactly refers to while talking about the "fair value" of the product. Fair value is a subjective notion. The industry supports the development of good products that bring value to customers. If the reference is made about price, we do not think that EIOPA can interfere in internal pricing mechanism, as to do so would be contrary to Solvency II and will inevitably hamper competition.
OPTEVEN ASSURANCES	The manufacturer should inform the distributors about the loss ratio of the insurance products.
ANACOFI	The distributor/advisor/seller is the final contact for the client. Therefore, manufacturer may address him all necessary information. Moreover, the professional contact for the client / distributor must have possibility/right to require complementary information.

EIOPA IRSG	In relation to IBIP's Manufacturers most of the relevant information including all relevant valuation information) can be expected to be included in the PRIIP KID. Additional information may depend on the product (type) and market segment. It is therefore advisable to use a broad principles-based approach instead of a specific list. Since all relevant valuation information should be contained in the PRIIP KID, no additional “fair value” disclosure should be necessary. It should also be noted, that the term “fair value” does not have a clear definition in the insurance context. The European Commission has been considering a cost indicator in the Key Information Document (KID) that would aggregate the investment costs and the biometric risk premium for insurance-based investment products. On the other hand, the ESAs have proposed, in their draft Regulatory Technical Standards (RTS), a cost indicator that would aggregate the investment costs and the ‘fair value’ of the biometric risk premium. However: - neither option provides for consistency with Level 1 PRIIPs Regulation which introduces in the KID a section on costs which should include “the costs associated with an investment in the PRIIP”. - neither option provides for meaningful comparisons for retail investors. - neither option provides for a level playing field as insurance-based investment products will systematically appear more expensive compared to other PRIIPs. In order to achieve meaningful information that allows comparisons between products, the investment costs and the biometric risk premium must be presented by the manufacturer in separate sections of the KID. Manufacturers should make available to distributors the main features of the product such as risks insured and excluded, duration, coverages etc., as mentioned previously, but also make sure that the actual salesperson working for the intermediary is properly trained in order to explain the products’ characteristics to the customer itself. Proper education and training can prevent a lot of issues.
Managing General Agents' Association	We answer this question with reference to non-investment insurance products only. Distributors should form their own view of fair value, based on information provided by product manufacturers. This information would need to include price and the amount and type of cover provided, as well as relevant policy conditions and exclusions. The amount of information that a distributor would need will also vary depending on the type of product and its complexity. Whether the price of a product is fair or otherwise is highly subjective and will vary from customer to customer, their particular circumstances and risk profile. In the UK, manufacturers are already required to provide pricing and product information to their distributors. This may be enhanced by the UK regulator’s plans to introduce measures for determining product value (see above answer to Q4).

IFDS	This Article speaks of "...appropriate information on the insurance product and the product approval process, including the identified target market..." In IFDS' view, such information would only be "appropriate" where it is necessary for any of the following purposes: • To ensure the distributor can achieve sufficient understanding of the insurance product to be able to sell it in an informed manner; • To enable the distributor to have confidence that the manufacturer has employed due process when approving the product for use in the market; and • To enable the distributor to understand the target market for which the manufacturer considers the product is intended – together with reasons why certain market sectors should not be directed to the product. In many cases, standard product documentation should provide sufficient comfort on the first point (e.g. costs and charges; how benefits will be derived; key exclusions; etc.). We consider that the second aim should be achievable via a standard communication by the manufacturer (rather than by a detailed communication effected for each separate product manufactured). Such a communication might be repeated periodically, or might be structured to communicate only where the manufacturer materially revises its process. The third aim is the one for which we consider specific product-by-product communication will be required. It is however important to note that any distributor may perform its own target market analysis, which may differ from the analysis of the manufacturer. It will be important for industry guidance to enable firms to manage any such differences that may arise – rather than seek to remove the potential that different firms will reach different conclusions, each for valid reasons.
Allianz SE	Generally, the scope of the required information should be defined as a minimum, not as a maximum information requirement. The requirements should be proportionate and principles-bases which could lead to different requirements for different products and product types. Regarding insurance PRIIPs, all relevant information regarding valuation should be contained in the PRIIP KID, additional valuation information should not typically be a necessary part of the handover package from manufacturer to intermediary. It should also be noted that "fair value" is no defined term in IDD level 1 or in any way an established concept in the context of insurance retail business. Also, insurance products (including IBIPs) typically derive their value to the customer from the final payoff or outcome, not primarily from any initial or interim value, especially if they contain meaningful guarantee components. The focus on an adequate fair value may distract distributors or customers from this very important aspect and therefore should be avoided as a formal rule (even if that may be adequate in some cases).

Actuarial Association of Europe	The manufacturer should make available information as to: - target market; - potential vulnerable customer groupings in target market and means of mitigating risk of inappropriate sale; - groupings of customers for which the product is unsuitable; - measures of value as contained in the KID prescribed by PRIIPS, including in particular measures of variability of outcome and the impact of charges; and - other features which are relevant for the customer.
Assuralia	As a general remark, we would like to reiterate that the terms 'fairly priced', 'added value' and 'fair value' (Q4 and 5) are vague as these concepts are not reflected in the IDD. These terms also seem to be subjective (see our answer to Q4). With regard to the first question on information disclosure, we believe that the insurance distributor will already receive all the necessary information on the insurance product. The distributor will be provided with the 'insurance product information document' (PID) for non-life insurance products and the 'key information document' (KID) for insurance-based investment products, which contain a proper overview of the main characteristics of the insurance product. Furthermore, distributors have the full terms and conditions of the products they distribute at their disposal. We agree that the distributor should be informed about the relevant target market. Regarding the need to inform the distributor about the fair value of insurance-based investment products, we do not see a need for any additional information. The PRIIPs KID contains performance scenarios and detailed information on the costs and charges of the product involved on top of the terms and conditions of the product.
BIPAR	It is part of the service of intermediaries to their customers to compare different options and to advise a suitable product for their customer. The manufacturer of the product should give all relevant product information to the distributors of the product. The information must allow the distributor to fulfil his role and obligations towards customers. The terminology "fair value" does not appear within the text of article 25. The information that insurance undertakings should be obliged to provide to insurance intermediaries should be: • The target market (and if relevant, who would not be able to claim benefits under it); • A summary of the main product features/benefits/exclusions/limitations – in the form of an Insurance Product Information Document (PID); and • The full features/benefits/exclusions/limitations of the product in a comprehensive and easy to read format The value in providing information on the insurance undertaking's product approval process is highly questionable. How would knowing that the product went through a committee at the insurance undertaking

	help the insurance intermediary understand who the product is aimed at and what is does and doesn't cover? How will it help the customer achieve a better outcome? In relation to IBIP's Manufacturers most of the relevant information including all relevant valuation information) can be expected to be included in the PRIIP KID. Additional information may depend on the product (type) and market segment. It is therefore advisable to use a broad principles-based approach instead of a specific list. Since all relevant valuation information should be contained in the PRIIP KID, no additional disclosure should be necessary.

Name of Company	**Q6: Which arrangements should the distributor have in place to obtain all relevant information on the insurance product and the product approval process? What should be the consequence if the distributor does not obtain all necessary information?**
Create Solutions Ltd	UK Distribution is usually governed by terms of business contracts. These should or could be amended to make manufacturers responsible for providing adequate product information or requiring distributor to confirm adequate product knowledge exists in the organisation prior to sale
Matrix Underwriting Management Ltd	Depends on the nature of the product and how specialised it is. e.g. if it is a generally availble commercial lines product the intermediary needs to ensure that the coverage is in line with the that generally availble in the market and should identify any unusual and/or unfavourable terms.
ANASF	To ensure customer protection, if the distributor does not obtain all necessary information, the distributor should refrain from distributing the product. We also believe that, as insurance product offer is becoming more and more diverse, manufacturers should take particular care in informing distributors and ensuring that products are consistent with the identified target market.
Association of International Life Offices	No comment.
European Federation of Financial Advisers and Financial Intermediaries (FECIF)	The responsibility should be linked firstly to the manufacturer under the above-mentioned general rule. Relating it to the manufacturer will result in substantially easier supervision, by individual NCAs, and it would prevent bypassing this rule by the setting up of distribution firms.

Bund der Versicherten	The distributors should set out the product distribution arrangements in a written document and make it available to their relevant staff. They have to establish a proper management of conflicts of interests and must ensure that the objectives, interests and characteristics of customers are duly taken into account (cf. preparatory POG Guidelines 1 and 2 for distributors by EIOPA, October 2015). Additionally each company (except sole traders) should be obliged to create the function of a distribution manager, who is responsible for the implementation of the unique written document and for the information of all relevant staff members about it. These distribution managers would have the same tasks as product managers, who are already responsible for the development and for the launch of new products by the manufacturers (cf. our comments on POG Guidelines 1 and 3 for manufacturers, January 2015). If there is the potential or even actual risk of consumer detriment due to lack of information on product testing or product monitoring by the product manufacturer, the distributor has to change its distribution strategy immediately. The identified target market has to be reassessed and this information (including the reasons why) has to be given to the manufacturer. If still the distributor does not obtain all necessary information from the manufacturer, the distribution of this product has to be stopped immediately, and the distributor must be obliged to inform the National Competent Authority.
ABI	Both manufacturers and distributors should discuss and exchange information regarding the product and target market. There is regular dialogue between distributors and manufacturers and these are usually set down in contractual agreements. Distributors should assume responsibility for any failure to obtain all necessary and relevant information on the product and target market, which is set out under Article 25. Chapter VII of the IDD (Article 32) already sets out the relevant sanctions and provisions that would apply to distributors for breach of the conduct of business rules under Chapter V of the IDD.
BVI	The mutual information duties of product manufacturers and distributors have been intensely considered by ESMA and the Commission in the preparation of the Level 2 measures to MiFID II. Hence, we recommend that EIOPA refers to the standards already agreed upon in terms of MiFID II implementation as a basis for its work on delegated acts under IDD. Alignment between implementing standards applicable under IDD and MiFID is essential in order to ensure effective investor protection and to achieve a level playing field in the distribution of investment products. Therefore, we also urge EIOPA to work closely with ESMA on any Level 3 guidance in this area.

The Danish Insurance Association (DIA)	Distributors should have in place adequate arrangements to obtain all the relevant information on the product and the product approval process, and should not seek to pass the responsibility for any failure on their part in this regard on to the manufacturer. Both manufacturers and distributors should discuss and exchange information regarding the product and target market. Intermediaries that provide advice on an independent basis should be obliged to appoint a specific function responsible for carrying out this task. Distributors should assume responsibility for any failure to obtain all necessary information on the product and target market, which is the main obligation required of them under Article 25 (1). Chapter VII of the IDD already sets out the relevant provisions on sanctions and other measures that would apply to distributors for any breach of the conduct of business rules under Chapter V of the IDD.
Gesamtverband der Deutschen Versicherungswirtschaft (German Insurance Association)	The distributor should make “adequate” arrangements. The distributor should be required to provide an adequate interface to the manufacturer, which may vary substantially by product type, customer exposure / premium volume, etc. The adequateness also depends on the type of distributor. Any obligation should therefore follow a principles-based approach. The consequences in civil law depend on (national) contract law. Brokers act in the interest of their customers. They are thus responsible for making respective arrangements to obtain all necessary information on the product. The information made available by the insurance undertaking must be collected by the distributors on their own initiative. If brokers do not comply with this obligation and are thus unable to fulfil their duties to their customers they are liable pursuant to national civil law. In addition, a conflict resolution process between manufacturer and distributor could be envisaged. However, since both typically are professional entities, formal rules for complaints and / or conflict resolution between them are not necessary. Single-tied agents ensure that they have respective arrangements in place to obtain the relevant information from the undertaking. If single-tied agents do not comply with their obligation to provide information and to give advice because they have not obtained the information necessary to do so, the insurance undertaking will also be liable for any damages occurring as a result of this negligence pursuant to the provisions of national civil law.

OP Cooperative	Where distributor work together with manufacturer of an insurance-based investment product belonging to the same group, only one product approval process and target market assessment should be required.
EFAMA	In order to achieve the fundamental and overarching policy intent of the overall PRIIPs initiative, it is essential to ensure consistency between Level 2 measures under IDD and MiFID. We therefore urge EIOPA to refer to the relevant provisions in the MiFID II Level 2 Regulation and Directive. We also urge EIOPA to work closely with ESMA on any Level 3 guidance in this area.
AFA Association française de l'assurance (FFSA - GEMA)	Intermediaries should lay down written agreements with insurance undertakings identifying the information the insurance undertaking should provide them. The intermediaries should be responsible to require these written agreements from insurance undertakings and to deliver the information provided by the insurance undertaking to their own employees and, where appropriate, to intermediaries they work with. The insurance undertaking (manufacturer) should be responsible to make available to intermediaries the relevant and updated information.
OPTEVEN ASSURANCES	The distributor should have a contract with the manufacturer and a specific training for the sold products. If the necessary information is not provided, there is a risk of default of information towards the end customer.
ANACOFI	Agreements between the parties (manufacturer/seller/etc …) must determine rules for communication for all relevant information. If the distributor does not obtain it, an article may limit its responsibility. For especial situation, justice must be involved like in any common civil/commercial case.
EIOPA IRSG	Manufacturer and distributor should provide an adequate interface to each other, which may differ substantially by product type, distribution channel, etc. In addition, the approach should be proportionate and principles-based. In case of disputes, there should be a regular dispute resolution between manufacturer and distributor which cuts both ways if one partner does not satisfy its obligations. This is a dispute between professional parties. The conflict resolution therefore does not necessitate any specific protection for either party as end customer protection would. Distributors have to be responsible for becoming familiar with the product that they are offering in the same manner in which insurers have to be responsible for offering these information. It is basically a common responsibility in front of the customer. A client is not at all interested on who

	has to send which information to whom. The final objective is what matters, from this perspective.
Managing General Agents' Association	We do not see why distributors should be required to satisfy themselves that a 'satisfactory' product approval process has been followed by a manufacturer. Regulation should act to prevent any products being distributed that have not been subjected to a formal approval process by the manufacturer. Distributors should make their decision on whether to sell a product based on information provided about the product rather than the product approval process used.
IFDS	Once guidelines have determined a standard and proportionate model for the information that must be provided / made available by the manufacturer, there should be minimal cases where the manufacturer is unable to communicate the "relevant information" to the distributor community. Instances where distributors are unable to obtain this information may therefore indicate a problem with the product approval process, in which case it would be expected that the manufacturer would not open the product for business. While this may be detrimental to distributors who were seeking to sell the new product, the risk of subsequent product failure should urge caution to the market where a manufacturer is unable to achieve the necessary communications. We would add that this is based upon the industry guidance on "...all appropriate information..." imposing a proportionate and pragmatic standardised approach to such communications; where the burden is too complicated we risk an increased rate of unavailable information. We would also add that, aside from the above scenario, there may be cases where the distributor is unable to fulfil its own processes to clear a product for sale. Such outcomes must remain relevant only to the distributor concerned and must not impact the manufacturer's ability to support product sales through other distributors and other channels.

Allianz SE	The distributor should be required to provide an adequate interface to the manufacturer. This requirement should be a proportionate and principles-based minimum standard which may vary by product type, type of distribution channel, customer exposure, premium volume, etc. When the distributor does not obtain all necessary information, he or she should complain and/or enter different stages of conflict resolution with the manufacturer. Any prescription should take into account that both parties are professional entities, which need to be capable to handle complaints and dispute resolution without additional specific rules, as could be needed for end customers requiring special protection. Typically, the contracts and agreements between distributor and manufacturer should already help to avoid most critical issues.
Actuarial Association of Europe	No comment.
BIPAR	It is essential that distributors receive complete information on the product to be sold and on the target market that the product has been designed for. That is the objective of the proposed EIOPA Guideline 10 for Manufacturers that requests manufacturers to inform the distributors about these key issues. This should be reflected and included in EIOPA technical advice to the European Commission. There is then no need to mirror this obligation and to request distributors to ensure that they get the above information from manufacturers when these latter have already the obligation to do so. This would add an extra layer of administrative burden to the process. It would create confusion in terms of responsibility of the different parties in the process. And how will a distributor be able to be absolutely sure that they have obtained all the relevant information? Ensuring that POG arrangements are complied with by manufacturers is a matter of regulation, enforcement and supervision. This is not the task of distributors. The market can work efficiently only if roles and responsibilities in the market processes are well distributed and clearly defined. The value or benefit in an insurance distributor being expected to obtain information on the product approval process an insurance undertaking has gone through to manufacture the product can be seriously questioned. This seems to go well beyond the call of duty of the intermediary. If the distributor does not obtain all necessary information, national law re sanctions and negligence should apply. Further; Article 20 (7) already requires distributors to give very specific information (as specified within the text of the IDD) to the customer about the product they are offered (within an IPID). Any sanctions for failing to obtain and share information that would affect a customer's buying decision, is catered for via that article.

Name of Company	Q7: According to Article 25(4), IDD the insurance undertaking shall regularly review the insurance products it offers and markets. From your point of view, what are the essential elements of this review, in particular with regard to insurance-based investment products?
Create Solutions Ltd	Cant comment on investment products. For other GI products they should be reviewed against benchmarks for (1) complaints (2) claims not paid through misunderstanding cover (3) percentage of claims paid in full/partial (4) loss ratios (5) results of marketing/sampling of customer understanding
Matrix Underwriting Management Ltd	I have no experience of investment products so can't comment.
ANASF	To achieve consistent harmonization, ANASF believes that any requirements in respect of insurance product review should be aligned with relevant MiFID provisions (ESMA's TA, par. 2.7). Particularly, insurance undertakings should consider whether the product meets the needs, characteristics and objectives of the target market (ESMA's TA, par. 2.7.13).
Association of International Life Offices	Sampling of policy subscription experience against the target market might be conducted under all or some of the following headings (depending on the manner in which the target market is defined):- - Policyholder type (individual, trustee, corporate) - Policyholder age - Average premium - Age at which policy taken out -Length of time product held.
European Federation of Financial Advisers and Financial Intermediaries (FECIF)	FECIF feels that the review process should be undertaken by individual manufacturers/distributors and subjected to the supervision of national NCAs. Generally speaking, the review should test the suitability of the core product features in relation to the characteristics of the determined target market.

Bund der Versicherten	The review of insurance products by the responsible undertaking should encompass the entire procedure of designing, testing and monitoring of the products during their life-cycle. This means particularly: • identifying a target market for which the product is considered appropriate; • identifying market segments for which the product is not considered appropriate; • carrying out product analysis to assess the expected product performance in different stressed scenarios; • carrying out product reviews to check if the product performance may lead to customer detriment and, in case this occurs, take actions to change its characteristics and minimize the detriment; • identifying the relevant distribution channels taking into account the characteristics of the target market and of the product; and • verifying that distribution channels act in compliance with the manufacturer's product oversight and governance arrangements. Additionally this review must encompass the different Key Information Documents for PRIIPs and for all the other non-life products. Related to PRIIPs especially all factors related to risk-reward-profiles, performance scenarios and cost disclosures, which still have to be definitively fixed in the context of the PRIIPs regulation, will have to be taken into account.
ABI	The ABI supports the requirement to regularly review insurance products. In the UK, products are reviewed regularly and the timing of that review depends on the nature of the product and the level of risk. A review is made as and when it is necessary and is decided by the firm depending on factors such as the level of sales, complaints data and claims or financial MI such as loss ratios. Other considerations that will trigger a review consist of consumer appetite for the product, company strategy, regulatory developments, and technology changes that will make a product redundant. As a basic principle, we would expect a review, as a minimum, to consider how a product has performed against the metrics projected when it was launched.
BVI	The review of product governance arrangements is also foreseen by the MiFID II framework and has been considered by ESMA and the Commission in the preparation of the Level 2 measures to MiFID II. Hence, we recommend that EIOPA refers to the standards already agreed upon in terms of MiFID II implementation as a basis for its work on delegated acts under IDD. Alignment between implementing standards applicable under IDD and MiFID is essential in order to ensure effective investor protection and to achieve a level playing field in the distribution of investment products. Therefore, we also urge EIOPA to work closely with ESMA on any Level 3 guidance in this area.

The Danish Insurance Association (DIA)	As part of the product monitoring process, the insurance undertaking should take account of: • the ratio of payments of claims in conjunction with the payment of insurance premiums • the level of the claims ratio for the product, taking into account the causes of complaints • feedback from the target market, which will also include information received from distributors It should be noted that the reply does not specifically consider insurance-based investment products as all products are treated equally in Denmark.
Gesamtverband der Deutschen Versicherungswirtschaft (German Insurance Association)	In general, no rigid review criteria should be stipulated. For example, while new insights may trigger frequent reviews for some products, for other products even an annual review may be unnecessary and therefore too burdensome. This applies to insurance-based investment products as well as to any other products. Even if certain product types may more often contain certain elements that warrant a more frequent review than other types of products this is already captured by the general principle. According to Article 25(1)(4) IDD, any event that could materially affect the potential risk to the identified target market should be taken into account. Already when designing their products, undertakings can stipulate certain criteria which are relevant for the review of the products. With regard to unit-linked insurance-based investment products, for instance, it can be relevant whether particular funds continue to fulfil the self-imposed quality criteria. Moreover, lessons learned from complaints management (accordingly EIOPA Guidelines on complaints handling by insurance undertakings) as well as any other reactions of the customers regarding the product as well as the feedback provided by the intermediaries should be taken into account within the scope of the review of any types of products. In addition, reviews due to legal changes are important. We would furthermore like to stress that any changes to a product which are effected on the basis of a review should only affect the further distribution of the product. The framework for making any amendments to existing contracts is provided by the national contract law.
OP Cooperative	MiFID II requirements are sufficient to insurance-based investment products.
EFAMA	In order to achieve the fundamental and overarching policy intent of the overall PRIIPs initiative, it is essential to ensure alignment between Level 2 measures under IDD and MiFID. We therefore urge EIOPA to refer to the relevant provisions in the MiFID II Level 2 Regulation and Directive. We also urge EIOPA to work closely with ESMA on any Level 3 guidance in this area.

AFA Association française de l'assurance (FFSA - GEMA)	We support that it is upon insurance undertakings to determine how regularly to review their products. Insurance undertakings should be able to determine their proper criteria based on their activities and the legal and tax environment of products. A “case by case” examination will be thus appropriate.
OPTEVEN ASSURANCES	The essential elements of this review are : -compliance with the relevant laws -level of coverage -changes in the target market (goods, environment...) -prices (if inadequate loss ratio)
ANACOFI	The French regulations forecast a process review of the insurance product: frequency of this review and suitability control. Our system seams fully suitable for our job. If an essential/major/critical item/article is removed or changed (Units, beneficiary, amounts …), the suitability of the life-insurance product the client subscribed must be reviewed. The advisor/broker or if there is none, the producer (in case of direct selling) is in charge of proving the product’s review.
EIOPA IRSG	The regular review should contain all relevant aspects in product manufacturing. There may be multiple aspects, e.g. change in insights on customer needs, product structure, or legal rules, which need to be covered in a self-assessment by the insurance undertaking. There review requirement should be triggered by material change not by a pre-defined frequency. While for some standard products even an annual review may overly burdensome, for other products a higher frequency seems necessary. Generally, the application should be principles-based and proportionate. There is no need to deviate from these general principles for IBIP products. Review and monitoring mechanisms should be in place for responding to any signals received from the market that the product may no longer meet the interests, objectives and characteristics of the identified target market. However, we would be concerned over the requirement for on-going monitoring. The most important thing is for the manufacturer to have in place a strategy for responding appropriately to feedback from the target market, which will also include information received from distributors.
Managing General Agents' Association	We answer this question with reference to non-investment insurance products only. We agree that insurance undertakings, if they are also the product manufacturers, should conduct regular product reviews to ensure that products they offer are fit for purpose. This process should take into account any changes to the external environment, including regulatory and legislative changes, which have occurred since the product was launched or last reviewed.

	Product performance information used to inform such reviews should include sales data, claims rejections, customer complaints, renewal retention rates and loss ratios, including a trend analysis of this information. This is very much in line with the UK Regulator's current expectations.
IFDS	While this is not applicable to the activities of IFDS, we support measures which would be for the general good of the industry as a whole and that lead to a well-functioning market. IFDS, therefore supports the work that TISA in the UK has been doing, along with the information on target market, to try and achieve consistency and harmonisation across all firms. Manufacturers may have a number of distributors who sell their product, and we agree with TISA that any information coming back to them needs to be in a consistent format to enable them (or service providers on their behalf) to interpret the data, and allow the firm to conduct a meaningful review of the product.
Allianz SE	The regular review should test for ongoing compliance with the rules and fit with the relevant criteria of the products. Since the products have already been approved as appropriate in the first place, the main concern should be potential adverse changes that could alter this assessment. Such adverse changes could originate from multiple sources, such as change in product features, new legal requirements, or new insights in customer needs. The focus of the trigger for a review requirement should be principles-based and proportionate and focus on materiality of changes, not on simplistic formal criteria. For example, while new insights or market developments may trigger frequent review requirements for some products, for other products even an annual review requirement may be disproportionately burdensome. In addition, it should be noted that the review of rules should focus on products which still are on offer and not apply to in-force products which are no longer for sale. The manufacturer cannot change the latter contracts unilaterally and any assessment of a fit with the needs of an individual customer needs to stay the responsibility of the distributor. There is no need to deviate from these general principles for IBIP/PRIIP products. Even if they may (but not necessarily will) more often contain certain elements that warrant a more frequent review, this is already captured by the general principles stated above.

Actuarial Association of Europe	Essential elements of a review include revalidation of each of the criteria considered in an initial approval process, particularly those considering customer suitability, impact on vulnerable customers and added value. Areas to consider in addition to those dealt with in the initial process include - evidence of fairness and equity of customer outcomes, both in terms of quantum and variability; - numbers and types of complaints relating to product performance; and - assessment of events in the internal or external environment since the initial approval process which have changed or have the potential to change the risk profile or outcome expectation.
Assuralia	An on-going review of insurance products would put a heavy burden on the insurance sector. The following concrete proposals may help to keep this review process as effective and efficient as possible and to ensure that the principle of proportionality is taken into account: - there should be a link between the stability of the product and the need to conduct a review. The more stable the product, the less need to conduct a review; - for non-life insurance products a review should only take place when significant changes occur with regard to the product, the applicable legislation or the market conditions. These could be, for instance, modifications to the terms and conditions of the insurance product or changes to the legally defined compensation limits; - for insurance-based investment products, the need for a review should be directly linked to the review of the PRIIPs KID. A review should be carried out in case, for instance, the risk class of the product changes (cf. risk indicator in the PRIIPs KID needs to be modified) or the investment objective or asset mix changes; - the essential elements of the review should take into account the nature, scale, risks and complexity of the insurance products and the relevant business of the manufacturer or distributor. The proportionality principle has to ensure that too burdensome processes for insurance business classes with lower risk and / or complexity are avoided, since not all insurance products require regular reviews. Assuralia therefore advices EIOPA not to prescribe any defined intervals for the review process. Reviews should not be carried out when nothing has changed.

BIPAR	For non-investment products, the logical factors to assess are: • are the right customers (the target market) buying the product; and • the level of claims rejections and the existence of any common reason(s) for this. For insurance-based investment products: • are the right customers (the target market) buying the product The regular review should contain all relevant aspects in product manufacturing. The application should be principles-based and proportionate.

Name of Company	**Q8: According to Article 29(2), IDD, monetary and non-monetary benefits which are provided in connection with the distribution of an insurance-based investment product or an ancillary service should not have a "detrimental impact" on the quality of the relevant service to the customer. From your point of view, which criteria and methodology should be applied to assess whether a benefit has a detrimental impact on the quality of the service?**
Create Solutions Ltd	Lack of transparency will always increase risk of customer detriment. Commissions and or profit share/ other payments by an insure that exceed a "market norm" should be disclosed. In connection with similar matters the FCA discussed following Plevin v Paragon a norm of 50% which seems high to me
Matrix Underwriting Management Ltd	I have no experience of investment products so can't comment.
ANASF	In general, we believe that a consistent level playing field among financial and insurance distribution is needed: we point out the potential impact of the discrepancy between Article 24(9), MiFID II (inducements shall be designed to "enhance the quality of the relevant service to the client") and Article 29(2), IDD (inducements shall not have "a detrimental impact on the quality of the relevant service to the customer"). In this respect, we point out the need to recover consistency with MiFID II by means of IDD delegated acts: particular care should be given to customer satisfaction and MiFID II provisions relating to conflicts of interest.

Association of International Life Offices	The overriding principle must be that the fee, commission or non-monetary benefit would have a high probability of influencing the recommendation of an insurance product as suitable or appropriate for the needs of the customer or if applicable the independence of the distributor. The Delegated Acts might then specify a list of benefits on a white and black-list where in the case of the latter the onus would be on the distributor to show that the benefit did not in fact influence the recommendation.
European Federation of Financial Advisers and Financial Intermediaries (FECIF)	FECIF points out that a stricter setting of the inducement systems would represent a de facto soft commission ban, and it would have severe detrimental effects on the European insurance market, particularly on customers and SMEs. With respect to this, FECIF feels that the use of the approach developed under MiFID I is acceptable; the use of some recent proposals by ESMA (MiFID II), however, would result precisely in the situation described in the first sentence. FECIF finds that solution inappropriate.
Bund der Versicherten	First we stress that we fully agree upon the fundamental objectives for any conflicts of interest policy, which are exposed in the EIOPA Technical Advice on “Conflict of Interest in direct and intermediated sales of insurance-based investment products”, published on 30 January 2015 (cf. “Procedures to be followed and measures to be adopted”, point 4.3.3, p. 12 and 13). In order to assess whether a benefit has a detrimental impact on the quality of the service or not, in our point of view there is one decisive criterion: the best advice on the basis of a fair and personal analysis (cf. recitals 44 and 45 of IDD). Benefit of consumer will be fostered most effectively, if the distribution remuneration mechanisms shift from "quick sale" to long-term customer relationship. In insurance business, it should become obligatory to measure success in sales by how long-term the policy holders will be tied to the contract. Although high acquisition commissions and incentives may guarantee success in the short term, they are also very costly. The objective should be to allow insurance intermediaries to participate in the success or failure of the insurance contracts they have brokered.

ABI	In the UK, under the FCA there are many rules and high level principles already in place which are designed to mitigate the risk of poor consumer outcomes by managing conflicts of interest and inducements. Principle 8 of the FCA Principles for Business requires firms to manage conflicts of interest fairly and sets out specific rules in relation to identifying and managing conflicts of the interest. The Systems and Controls rulebook is clear and outlines for senior management their responsibilities in this area, including requirements for identifying, controlling and reviewing conflicts of interest. In particular under the Retail Distribution Review (RDR), which came into force in 2012, conflicts of interest in the sales of insurance based investment products are managed by a ban on commission payments for advised sales. Firms must be able to demonstrate that a payment that they have either made or received will enhance the quality of the service to the client. If a firm is not able to demonstrate this then the payment cannot be made or received.
BVI	In order to ensure effective investor protection and to achieve a level playing field in the distribution of investment products, alignment between implementing provisions applicable under IDD and MiFID is crucial. Investors will have difficulties to understand any difference in the legal requirements regarding the legitimacy of inducement payments. This would in particular be confusing in cases where an investor invests in both insurance-based investment products as well as financial instruments, and even more confusing if the investor is advised by the same person. Therefore, we request that EIOPA refers to the standards already agreed upon in terms of MiFID II implementation as a basis for its work on delegated acts under IDD. While being aware of the differences in wording between MiFID II and IDD as regards the criteria for the legitimacy of inducements, we believe that EIOPA should strive for the greatest possible convergence of the Level 2 standards in the interest of the effective protection of European consumers. Moreover, EIOPA should closely collaborate with ESMA in terms of any Level 3 guidance in this area.

Gesamtverband der Deutschen Versicherungswirtschaft (German Insurance Association)	Commissions and benefits in insurance sales should not be judged per se as problematic. The existing interest of any service provider in receiving a performance compensation does not automatically induce a conflict of interest. Although parties to a contract have their respective own interests, these do not automatically have to conflict but can also be identical or brought into alignment. This is reflected in Article 29 (2) IDD by use of different wording than Article 24 (9) MiFID II. A detrimental impact of a commission must be determined, which means, be empirically detectable. This can only be achieved through a holistic and principle-based consideration of the interests of insurers, intermediaries and customers. On a dynamically developing market, formalistic criteria or even black-and-white lists are not flexible enough to follow changes in the service. New business models are constantly developed and existing models are changing, especially in the context of digitalization. A principles-based approach towards the evaluation of benefits in connection to service quality ensures the future viability of the regulation in question. Principles should be determined on the basis of the conduct of business rules in the IDD (Articles 17 IDD ff.), particularly the rules on proper advice and its documentation, and the rules regarding the “suitability test” for insurance-based investment products in Article 30 (1), (5) IDD. A violation of these rules allows for an objective detection of a possible deterioration in the quality of service. In this context we would like to point out, that the IDD already sets up certain sanctions for violations. Therefore, once the rules on sanctions are implemented into national law, potential misconduct of individuals can be pursued in each Member State. The quality of service to the customer has to be evaluated from a holistic perspective, taking into account the complexity of the entire situation (advice process, conclusion of contract, assistance and advice of the distributor during the contract period, support for customers in case of an insured event) and may not be reduced to considering solely the conclusion of an individual contract. Intermediaries have a vested interest in long term customer relationships, which often include multiple insurance contracts and ongoing services. This in itself requires the provision of high quality service to the customer, his satisfaction being key to the distributor’s business. Consequently, a quality assessment of service cannot succeed if it is based on formalistic criteria, but rather has to follow a principles-based approach. Following such approach, it is possible to check if the customers’ interests are sufficiently preserved and if quality safeguards are implemented. Examples for such safeguards are arrangements on the liability of the intermediaries regarding received commissions (obligation to pay them back in case of contract cancellation by the customer), existence of remuneration components depending on the quality of

	service, individually triggered assessments of a distributor's reliability, internal involvement of several persons in the decision process on remuneration commitments. Furthermore, quality safeguards can be found in the compliance management system of undertakings, commitments resulting from codes of conduct or internal control measures for documentation of advice. Such safeguards secure high quality of the distributors' services. The various combinations of different safeguards give the distributors the necessary leeway to develop and regularly review their own criteria for evaluation of remuneration and incentive elements according to their business models. On such basis, distributors can regularly check if there are potential conflicts of interest in individual situations.
OP Cooperative	N/A.
EFAMA	In order to achieve the fundamental and overarching policy intent of the overall PRIIPs initiative, it is essential to ensure alignment between Level 2 measures under IDD and MiFID. We therefore urge EIOPA to refer to the relevant provisions in the MiFID II Level 2 Regulation and Directive. We also urge EIOPA to work closely with ESMA on any Level 3 guidance in this area.
AFA Association française de l'assurance (FFSA - GEMA)	Recital 57 of IDD provides that in order to ensure that any inducement does not have a detrimental impact, the insurance distributor should develop arrangements and procedures relating to conflict of interest. We fully support this solution making a clear link between the conflict of interest procedures set up by articles 27 and 28 of IDD and inducements. In other words, where these procedures properly identify, prevent and manage conflicts of interest including those resulting from inducements, the latter should be presumed as not having a detrimental impact on the quality of the service. As for us, detrimental impact should not be assessed on the basis of "one fit all" criteria. A case by case examination is necessary. For example, higher remuneration for unit linked contract can be explained by more time and work passed on explanation, information and suitable advice.
OPTEVEN ASSURANCES	-to maintain a fee to the distributor if the insurance policy is cancelled (especially if the contract does not fit the needs of the end customer) -to propose a component of the product where no risk will apply -to propose the product to excluded goods (not eligible) A regular review of the subscriptions should be made and should have an impact on the distributor fee.

ANIA (Italian Insurers Association)	According to Recital 57 of IDD in order to guarantee that any inducement does not have a detrimental impact, the insurance distributor should develop arrangements and procedures relating to conflict of interest. We agree that there must be a link between the conflict of interest procedures set up by articles 27 and 28 of IDD and inducements. When these procedures detect, prevent and manage conflicts of interest, inducements should not have a detrimental impact on the quality of the service.
ANACOFI	In general, we consider that an advice service provided for remuneration should not have a "detrimental impact" on the quality of service offered to costumer.
EIOPA IRSG	In any case, it should be noted that a detrimental impact to the customer need would have to be proven or demonstrated by some empirical evidence (not just asserted). In addition, the total effects of the compensation provided should be assessed in a comprehensive manner (i.e. including all components), using a proportionate and principles-based approach.
IFDS	IFDS believe that where a methodology is to be applied (in order to create a harmonised market) this should be aligned with the provisions and criteria in MiFID II for monetary and non-monetary benefits. It is noted that the terminology and requirements are different, with MiFID II not allowing monetary benefits and only allowing minor non-monetary benefits that are capable of enhancing the quality of service provided to a client and are of a scale and nature such that they could not be judged to impair compliance with the investment firm's duty to act in the best interest of the client. IFDS believe more clarity is needed in the delegated acts of each and ESMA/EIOPA should look to align these.
Allianz SE	Generally, the wording puts the burden of proof of any detrimental effect on the authority that wants to restrict the structure or level of benefits. The interpretation of this wording should also take into account the circumstances of the discussions prior to its adoption, especially with respect to the corresponding stricter "quality enhancement rule" of the MiFID II directive, which explicitly requires a quality enhancement from the inducement. The expression "quality of the service" is sufficiently broad to capture all relevant services provided by the distributor. The potential detrimental impact should be assessed based on a holistic perspective (i.e. taking into account all components of benefits as well as the balance of all other positive and negative effects), take a principles-based approach (i.e. not simplistic or overly formalistic criteria), provide empirical evidence on potential detrimental impact (i.e. not just conjectures or opinions), as well as consider the effective

	impact. For example, even if a component of a remuneration structure could theoretically cause some concerns with respect to quality of the service it may be sufficiently be mitigated by other components (e.g. by adding remuneration components that sufficiently promote provision of good service or making the inducement contingent on meeting compliance requirements).
Actuarial Association of Europe	Criteria and methodology to be applied include: - extent of alignment of interest of customer and distributor as indicated by timing of benefits. For instance, benefits which are all provided at the outset of an insurance product give little incentive for the distributor to provide an ongoing service; - Level of complaints; this is a general indicator of the level of service which may or may not be linked to the level and timing of benefits; and - Quantum and timing of benefits.

Assuralia	Assuralia calls upon EIOPA to respect the difference in treatment of inducements under the IDD and MiFID 2 Directives. While MiFID 2 speaks of enhancing the quality of the relevant service to the customer, the political agreement on the IDD has deliberately choosen not to copy this MiFID requirement. It has to be acknowledged that IDD requires inducements not to have a detrimental impact on the quality of the relevant service to the customer, and not to enhance the quality of the service. Although the Commission asks EIOPA to work closely with ESMA, there is a clear and explicit difference in the legal basis of ESMA's work. The basic criterion for the assessment of inducements should be the obligation to always act in the best interest of the customer. The main focus is to ensure that remunerations do not provide an incentive to recommend a particular insurance product to a customer based on self-interest (for instance a higher commission), while another product that would better meet the customer's needs could be offered. The interest of the customer should always come first. Due to this basic rule, insurance companies in Belgium have stopped offering so called 'products of the month'. In these situations, distributors received certain benefits if they were able to conclude a predetermined amount of contracts for 'the product of the month'. Another appropriate criterion for the assessment of inducements are the targets used for awarding variable remunerations. If these targets are set very high compared to the usual sales, there is more chance that the interests of customers will be harmed. It is therefore recommendable to determine the sales targets in line with a distributor's usual amount of sales. Too large leaps between the different thresholds for incentives should be avoided for the same reason.

BIPAR	BIPAR is in principle not in agreement that in a highly competitive market, remuneration is supervised and regulated at such a level of detail. Under the IDD, insurance distributors have the duty to act honestly, fairly and professionally in accordance with the best interests of their customers (art 17) and the intermediary will take this into account before accepting any benefit. The fact that an intermediary receives fees, commissions, benefits from third parties may mean that an intermediary is able to charge less for the service that they provide to that customer. This is of significant benefit in that it makes insurance markets accessible to as wide a cross section of the public as possible. Also, one has to look at the overall services that intermediaries offer. Indeed, the quality of an intermediary's services is intrinsically linked with the quality of a specific service provided to a particular customer. In fact, without a high overall level of quality, it is not possible to provide a high quality individual service. A comprehensive, proportional approach has to be taken by EIOPA in its advice. The total effects of the compensation provided should be assessed in a comprehensive manner.In any case concrete evidence would be needed in order to assess whether a benefit has a detrimental impact on the quality of the service. Please also see in respect to this question our response to question 13.

Name of Company	**Q9: Please provide specific examples and cases where you would consider that benefits have a detrimental impact on the quality of service?**
Create Solutions Ltd	Upfront payments provided by insurers of credit providers in the hope of future business (2) Higher commissions for volume (even if aggregated as a result of joining a network) (3) "Clubs"
Matrix Underwriting Management Ltd	I have no experience of investment products so can't comment.
ANASF	We point out the need to ensure consistent harmonization with MiFID II provisions, specifically with ESMA's TA, par. 2.15.11, i.e. inducements meet the "quality test" in these cases: a) the provision of advice (particularly, non-independent advice) on and access to a wide range of suitable products, including an appropriate number of products from third parties; or b) the provision of advice

	(particularly, non-independent advice) combined with either an offer to the client, at least on an annual basis, to assess the continuing suitability of the products in which the client has invested; or with another on-going service that is likely to be of value to the client such as advice about the suggested optimal asset allocation of the client; or c) the provision of access, at a competitive price, to a wide range of products that are likely to meet the needs of the target market, including an appropriate number of products from third parties, together with either the provision of added-value tools for the client, such as online information tools or periodic reports.
Association of International Life Offices	Examples of inducements which would tend to be considered detrimental would include: i) Rebates on entry fees or management commissions payable by companies managing the underlying funds to the distributor giving the recommendation where the fee, commission or non-monetary benefit is not returned to the client or offset against the fees paid by the client ii) Any long-term loans to intermediary from product providers. iii) Trips, hospitality or accommodation when (I) not accompanied by training opportunities and/or (ii) disproportionately excessive in relation to the training opportunity. iv) Bonus commissions linked to the volume of generated business.
European Federation of Financial Advisers and Financial Intermediaries (FECIF)	See Q8.
Bund der Versicherten	In our comment on Q4 of EIOPA consultation on conflicts of interest in July 2014 we have elucidated some examples of mis-selling cases. This is one of them: Life insurance contracts which promise a life annuity are calculated following to mortality tables recommended by the professional association of actuaries. But there is no legal obligation to follow this recommendation, the insurer is free to change the “Rentenfaktor” and fix it only at the very beginning of the annuity payments (in case, the contract has not fixed any mandatory parameters of calculation of annuity payments in relation to premiums paid). The result is that reducing the annuity payments, the customers have to wait at least for 25 years or even for 30 years, until the sum of the pension payments by the insurer is equal to the sum of premiums once paid. This waiting period exceeds largely the average life expectancy for men and women in Germany, and so there is no doubt about who makes the profit… Following to the Life Insurance Reform Act ("Lebensversicherungsreformgesetz") of Summer 2014, some German life insurers started changing their commission systems. Less commission will be paid at the point of sale ("Abschlussprovision"), more commission will

	be paid related to the duration of the contract ("Bestandsprovision"). From a consumer's perspective we approve these changes, because they are - at least - a first step of the quality enhancement criterion exposed by MIFID. This criterion can only be implemented if services which are necessary for the maintenance of the contract by the customer are remunerated on a much higher level (such as adjustments of the personal situation of the insured, advice for damage report etc.). By these new remuneration mechanisms only those intermediaries will gain who succeed in maintaining a long-term customer relationship by "helping and supporting". Focusing only on quick sale would be punished on the contrary. At least the period, in which large parts of the acquisition commission have to be paid back in case of cancellation of the contract ("Stornohaftungszeit"), has to be prolonged from five to ten years. In the long term we strongly advocate the abolishment of any entry fees or sales commissions. They should be included in administrative commissions over the lifespan of the contract. The total sum of commissions for sale and contract administration should clearly be reduced.
ABI	The ABI does not have specific examples and cases because these practices are not in place in the UK due to the FCA's RDR and inducements regime.
BVI	Alignment between implementing standards applicable under IDD and MiFID is essential in order to ensure effective investor protection and to achieve a level playing field in the distribution of investment products. Thus, we recommend that EIOPA refers to the standards already agreed upon in terms of MiFID II implementation as a basis for its work on delegated acts under IDD. We also urge EIOPA to work closely with ESMA on any Level 3 guidance in this area.
Gesamtverband der Deutschen Versicherungswirtschaft (German Insurance Association)	The proper implementation of the IDD conduct of business rules is an indicator for a high quality service. For example, Article 29 (2) b) IDD in combination with Article 20 (1) ensures that intermediaries are not encouraged to recommend a product over a better suited one for reasons of maximizing their own commission. If products are recommended solely with the objective of maximizing the intermediary's commission, customer interest is clearly subordinated and the quality of the advice is affected detrimentally. Indicators for such situations may be for example: • Complete lack of components in the remuneration process, which refer to the quality of the service (such as: rates of contract redemption, contract cancellation rates over the years, long term development of the number of contracts managed by the intermediary) • Lack of a liability for acquisition commissions (In Germany a commission has to be paid back pro rata if the customer

	does not want to hold the contract or no longer pays premiums. The minimum liability period is 5 years.) The presence of one or both indicators cannot, however, replace the holistic consideration of the service in terms of quality. In fact, even if the mentioned indicators are given, it is still to be assessed whether they indeed provide an incentive for the individual distributor to offer faulty advice. This is different from person to person and from one situation to another. The decisive factor is the overall context of the sales situation. Not only is the distributor's service performance regarding an insurance-based investment product to be considered in its entirety, but the entire customer relationship has to be considered. Most intermediaries look after their customers' affairs holistically and offer products for all needs of their customers regarding insurance. Recommendations are not only made for insurance-based investment products but, for instance, also for motor insurance, private liability insurance or insurance for buildings. In such cases of holistic customer relations there is a vested interest of the distributor in a permanently good customer relationship. Other than looking only to the single commission for an individual contract, such distributors consider the overall business with the customer. Thus, the distributor is less susceptible to faulty incentives by an individual commission / benefit for a single product in the first place.
OP Cooperative	N/A.
EFAMA	In order to achieve the fundamental and overarching policy intent of the overall PRIIPs initiative, which has also been enshrined in the MiFID II legislation (Recital 87), it is essential to ensure alignment between Level-2 measures under IDD and MiFID. In particular, investors who invest both in financial instruments and insurance investments are likely to be confused if the standards deviate significantly. We therefore urge EIOPA to refer to the relevant provisions in the MiFID II Level 2 Regulation and Directive. We also urge EIOPA to work closely with ESMA on any Level 3 guidance in this area.
AFA Association française de l'assurance (FFSA - GEMA)	Benefits based solely on quantitative criteria may have a detrimental effect except when they are combined with qualitative criteria.
OPTEVEN ASSURANCES	-A vehicle which is already covered by a manufacturer warranty -A non eligible vehicle for the product
ANIA (Italian Insurers Association)	Taking into account what we have said in Q8, it is difficult to imagine an evaluation on a service provided using general criteria; we consider more useful a case-by-case

	assessment made when needed. A “one fit all” criteria is not a valid solution in our opinion.
ANACOFI	As an example, we could notice arrangements like define sales target when another product you can offer is available. We also could talk about incentives without link with training or over normal levels.
EIOPA IRSG	It is difficult to generalize, especially since the overall impact of the benefits needs to be assessed.
IFDS	IFDS does not believe there are specific examples where benefits have a detrimental impact on the quality of service - rather it is the value of the benefit to the recipient that is key. Therefore, a degree of proportionality should be taken into account. For example, a business lunch at an exclusive restaurant would not necessarily represent a significant benefit to a chief executive who frequents such establishments regularly, but may be seen as such by a lower ranked member of the same business.
Allianz SE	It is difficult to provide specific examples, since the overall effective impact needs to be assessed (see answer to Question 8).
Actuarial Association of Europe	Benefits which are entirely or heavily skewed to the outset of a contract will provide little or no incentive for a distributor to provide a high quality service. See below for comments re non-monetary benefits.
Assuralia	Assuralia calls upon EIOPA to respect the difference in treatment of inducements under the IDD and MiFID 2 Directives. While MiFID 2 speaks of enhancing the quality of the relevant service to the customer, the political agreement on the IDD has deliberately chosen not to copy this MiFID requirement. It has to be acknowledged that IDD requires inducements not to have a detrimental impact on the quality of the relevant service to the customer, and not to enhance the quality of the service. Although the Commission asks EIOPA to work closely with ESMA, there is a clear and explicit difference in the legal basis of ESMA’s work.Assuralia considers the following examples to have a detrimental impact on the quality of the service:- so called ‘products of the month’, where a distributor is provided with certain benefits if he is able to conclude a predetermined amount of contracts for ‘the product of the month’. This could incentive the distributor to place his own interests first instead of acting in the best interest of the customer;- unrealistic sales targets for awarding variable remunerations. If these targets are set too high compared to the usual amount of sales, there is more chance that the

	interests of customers will be harmed. It is therefore recommendable to determine the sales targets in line with a distributor's usual amount of sales;- too large leaps between the different thresholds for incentives.
BIPAR	As mentioned above and below, there is need for proportionality and we believe one has to look at the specific situation. We would also like to point out that apart from looking at whether benefits / remuneration are having a detrimental impact, one should keep in mind that benefits / remuneration should not be so low as to drive intermediaries out of the market, to the detriment of consumers.

Name of Company	**Q10: Are there any specific types of benefits which have detrimental impact on the quality of the service already by their nature (e.g. tickets for sports events or training classes at exotic destinations)?**
Create Solutions Ltd	(1) conferences where the travel is refunded (2) subsidised compliance or training where the real purpose is not to ensure compliant partners of well trained staff but obtain favour (3) provision of other services (for example loan of high value cars for long periods) in return for information about claims
Matrix Underwriting Management Ltd	I have no experience of investment products so can't comment.
Association of International Life Offices	See above, an onus test is appropriate.

European Federation of Financial Advisers and Financial Intermediaries (FECIF)	FECIF is strongly against the idea of viewing any monetary or non-monetary benefit as harmful per se. Generally, we are in favour of a general rule set by EIOPA, and its adjustment and enforcement carried out by NCAs.
Bund der Versicherten	Excessive sales targets, sales pressure, sales contests, performance measurement systems, sales incentives and after-sale transactions (like cruise ship travels) as well as "churning" in order to generate commissions (e.g. excessive switching of funds) are specific types of benefits, which have strong detrimental impact on the quality of the service already by their nature. This enumeration is of course not exhaustive. Besides the disclosure of the benefits for the intermediary at the point of sale, additional benefits for other distributors linked to him on the upper hierarchy (like the director of the distribution company e.g.) should be included, too.
ABI	The ABI does not have specific examples and cases because these practices are not in place in the UK due to the FCA's RDR and inducements regime.
BVI	Once again, we think that potential detriments to the quality of the service have been extensively analysed and debated in the context of MiFID II. Hence, we recommend that EIOPA refers to the work already conducted by ESMA and the Commission in terms of MiFID II implementation as a basis for its work on delegated acts under IDD. Alignment between implementing standards applicable under IDD and MiFID is essential in order to ensure effective investor protection and to achieve a level playing field in the distribution of investment products. We also urge EIOPA to work closely with ESMA on any Level 3 guidance in this area.
Gesamtverband der Deutschen Versicherungswirtschaft (German Insurance Association)	An evaluation of the detrimental impact on services requires a holistic perspective towards the services supplied by the distributor, and the relationship that exists between customer and distributor (see questions 8 and 9). A detrimental impact of an incentive on the service quality cannot be identified in an abstract and formalistic way, referring solely to the nature of a specific type of benefit. On the one hand, it is not excluded that even significant amounts or benefits do not constitute any undue incentives in case they prove to be insignificant in relation to the distributor's total income. On the other hand, even low-value benefits can potentially appear as a considerable incentive in case the distributor has to rely on them. Consequently, the nature and the amount of the benefit are irrelevant. Relevant is the individual situation of each service at large. Indicators for undue incentives could be: • Doubts about the socially adequate nature of the benefit.

	Such adequacy can be assumed when the benefit is socially common and accepted by the public. Adequate behavior / benefits contain no risk for the service quality since they are legal and generally accepted. • Access to events or gifts that are normally denied to the distributor or very restricted to a certain group of addresses (e.g. limited VIP tickets for exceptional sport events) The presence of one or both indicators cannot substitute the consideration of the overall situation, in which the incentive or benefit is offered.
OP Cooperative	N/A.
EFAMA	In order to achieve the fundamental and overarching policy intent of the overall PRIIPs initiative, it is essential to ensure alignment between Level 2 measures under IDD and MiFID. We therefore urge EIOPA to refer to the relevant provisions in the MiFID II Level 2 Regulation and Directive. We also urge EIOPA to work closely with ESMA on any Level 3 guidance in this area. To achieve a coherent approach on investor protection, the types of benefits which are considered not to enhance the quality of the service under MiFID II should be considered to have a detrimental impact on the quality of the service.
AFA Association française de l'assurance (FFSA - GEMA)	Article 29 (2) of IDD concerns any fee or commission or non-monetary benefit paid or to pay “in connection with the distribution of an insurance based investment product”. This means that the detrimental effect on the client should be assessed with respect to the remuneration paid or to pay for the contract sold. Offering tickets for sport events or training classes in foreign destinations to intermediaries does not necessary imply a miss selling and they are not related to one contract sold. The issue concerns proportionality and has to be dealt under conflicts of interests policies. Thus we consider there are no detrimental fee, commission or non-monetary benefit by nature, notably if a product is sold with advice providing as a result a suitable product to a costumer. For this reason tickets for sport events or training classes at “exotic destinations” should not be considered detrimental by nature. As for tied agents and employees, benefits received as profit sharing, variable remuneration or other general remuneration based not on individual achievement but on overall company results and in line with compliance rules, should not be considered detrimental by nature.
OPTEVEN ASSURANCES	-Gift card or voucher -Seminar in a resort -High value benefit

ANIA (Italian Insurers Association)	Article 29 (2) deals with any fee or commission or non-monetary benefit paid or to pay "in connection with the distribution of an insurance based investment product". The detrimental effect on the client should be evaluated taking into consideration the remuneration paid or to pay for the contract sold. We believe that there are no detrimental fees, commissions or non-monetary benefits by nature, notably if a product is sold with advice providing as a result a suitable product to a costumer. Proposing training classes at exotic destinations to intermediaries does not necessarily imply a miss-selling and they are not related to one contract sold. This implies proportionality and has to be dealt with under conflicts of interests policies. This is why training classes at "exotic destinations" or other general remuneration like profit sharing should not be considered detrimental by nature.
ANACOFI	We may prohibit benefits which can harmfully hurt quality of services which are provided. We consider that benefits have to be in relation to the service provided to costumer.
EIOPA IRSG	This is difficult to assess, since the overall impact of the benefits on the quality of the service needs to be assessed. Generally, the impact is reduced the lower the contribution of a certain component is to the overall benefit to the distributor. The attempt to classify certain remuneration components "by their nature", by contrast would lead to a formal classification that does not take these aspects into account. It is not clear why a ticket for a sports event by its nature poses a systematic threat that would warrant regulatory concern. Common sense can not and should not be regulated, no matter the industry we are referring to. However, best practices can be shared among European insurers and intermediaries. Excessive and sometimes misleading schemes can be banned by involved parties.
Managing General Agents' Association	
IFDS	IFDS recognises that benefits (including, though not limited to corporate hospitality) have been an established part of business relationships in our industry, and that where such opportunities are made available according to performance against sales targets / business volumes / Key Performance Indicators etc. there is potential for such benefits to create bias in the behaviours of the recipients. The value of any benefit given should therefore be proportionate to the recipient's position in the business and not excessive. Firms should ensure their Corporate Governance processes are sufficient to ensure their staff are not put into a position of being exposed to such bias, and to ensure that even where cases of bias may arise this does not affect the overall quality of service being provided to customers, i.e. we do not consider it is the type of benefit that is important so

	much as its value to the recipient. It is of course clear that some types of benefit can more readily be recognised as having a business benefit, rather than personal/relational benefit only.
Allianz SE	It seems difficult to identify specific types of benefits which threaten to have a detrimental impact per se, since a holistic perspective is necessary to assess the overall impact (also see answers to Questions 8 and 9). The proposed differentiation by "nature of benefits" leads to a more formalistic approach which is neither necessary nor sufficient to capture potentially critical areas. It may nevertheless be expected that the impact of any remuneration component is typically less severe, the lower the overall contribution to the benefits received by the distributor. More specifically, if the ticket for a sports event only forms a very limited share of overall income of an intermediary, it is not clear why this should cause any particular concern in the overall context.
Actuarial Association of Europe	Benefits of any type which impact on the objectivity of the distributor, either by - generating an inappropriate closeness or dependence between the distributor and the manufacturer; - conferring additional benefit, or benefit which is perceived to be more advantageous in nature, than that which could be available from other manufacturers, with no apparent impact on customer outcomes; or - differing from other benefits in not being disclosed to the customer. Non-monetary benefits of any description or any benefits which are provided without full transparency have the potential to fall into these categories.
BIPAR	An example of a detrimental benefit could be whereby a product producer requires a certain level of business to retain an agency appointment in order to advise and sell on their products. In Ireland the Consumer Protection Code, prohibits this behaviour "where a regulated entity distributes its products to consumers through an intermediary, the regulated entity must not require the intermediary to introduce a specified level of business from consumers in order to retain an appointment from that regulated entity". However, we believe that giving examples of benefits that already by their nature have a detrimental impact, is very difficult since one needs to look at the specific situation, to look at the whole picture and assess the overall impact of benefits on the quality of the service. We believe that instead of giving specific examples, common sense should be used. One should look whether the benefit would be excessive. Benefits that are excessive

	relative to the size of the business will have an adverse impact on returns and give the perception in the minds of consumers that conflicts of interest are at play. Benefits should not cause distrust. It is essential that hindsight is not used to judge/compare investment performance against other possible contracts that the insurance intermediary may have been able to offer and erroneously attribute the choice of product offered/recommended to the perceived 'inducement'. It should also be remembered that the purpose for taking out an IBIP is not solely the investment element (otherwise an investment-only product would be purchased) but that some form of insurance cover is required. This suggests that the insurance element may actually be more dominant in the customer's thinking when making the decision to seek out an IBIP. The name/reputation of the insurance undertaking for meeting claims under the insurance/assurance element of the product is therefore equally as important as the investment performance of the contracts available. It should be noted that in many jurisdictions specific legislation is already in place to prevent inappropriate payments being made which could lead to customer detriment.

Name of Company	**Q11: Are there any models for calculating benefits or payment methods which you would consider detrimental on the quality of service?**
Create Solutions Ltd	Payment by result/per sale always likely to distort the customer relationship Profit share always likely to produce conflict of interest
Matrix Underwriting Management Ltd	I have no experience of investment products so can't comment.
ANASF	We propose to apply the same criterion envisaged by ESMA's TA, par. 2.15.6: variable remuneration and incentives shall not be solely or predominantly based on quantitative commercial criteria, and shall take fully into account appropriate qualitative criteria reflecting compliance with the applicable regulations, the fair treatment of clients and the quality of services provided to clients. We also consider that: - incentives relating to commercial criteria should not prevail over the other components of the remuneration; - both insurance undertakings and insurance

	intermediaries should give particular care to product features, market trends, provisions on conflicts of interest, professional standards and ethics.
Association of International Life Offices	See answer to question 9 above.
European Federation of Financial Advisers and Financial Intermediaries (FECIF)	As long as adequate transparency is maintained, FECIF is fiercely against determining any “calculating benefit“ or “payment method” as generally detrimental. FECIF sees this proposal as a potential sign of social engineering, and stresses that the regulatory authorities should ensure maximum product transparency in order to allow customers to make their choices in a qualified way, and not to label any calculation, remuneration etc. methods as “detrimental” from its theoretical perspective.
Bund der Versicherten	Third party payments or benefits are one major source for mis-selling cases. Especially in Germany the insurance distribution still depends nearly completely on “hidden” commissions (calculated by the Zillmerisation Method). If commissions are not disclosed, the consumers are taken to believe that the sales activity is for free. Of course this would only be the case, if consumers do not conclude any contract. Under these circumstances it is evident, why distributors always try to sell any kind of contract, even if it is completely non- appropriate for the customers.
ABI	The ABI does not have specific examples and cases because these practices are not in place in the UK due to the FCA’s RDR and inducements regime.
BVI	No reply.

Gesamtverband der Deutschen Versicherungswirtschaft (German Insurance Association)	Please see question 8 for the importance of a holistic perspective for the evaluation of service quality in the context of a long term customer relationship and distribution of more than one insurance product to an individual customer. A detrimental impact on the quality cannot be determined solely on the basis of a payment method or a way of calculating the remuneration. An individual assessment of the benefit or payment is crucial. It has to take into account the compliance with principles for a proper execution of the sales process. Neither basis for calculation nor payment method do on their own guarantee or put on risk the quality of services. We would like to explicitly point out that also fee-based advice can give rise to conflicts of interest. Even if the payment is made directly by the customer the fee-based advisor has his own interests. An unjustified increase of the remunerated time and effort by the fee-based advisor for the sole purpose of income increase is possible. The payment source (fee by the client) thus does not safeguard automatically the quality of service. Rather in case of any type of payment an overall assessment is necessary as to whether the customer's interest is sufficiently considered and quality safeguards are implemented (for example liability procedures for the intermediaries regarding received commissions, existence of qualitative remuneration components, individually triggered background checks, internal directives or codes of conduct).
OP Cooperative	N/A.
AFA Association française de l'assurance (FFSA - GEMA)	See our reply Q9
OPTEVEN ASSURANCES	-Cash et Cash equivalent benefits -When the benefits represent more than 45% of the premium
ANACOFI	In our opinion, Nationals Authorities are competent to define calculating benefits or payment methods according to our national market.
EIOPA IRSG	See question 10. Multi-level marketing schemes can sometimes lead to consumer detriment, as the main focus is on developing the scheme itself and not on the client.
IFDS	As IFDS is an administration services provider we are not in a position to comment on this.
Allianz SE	No, it is important to consider the overall effect and context of the total compensation, i.e. a holistic, principles-based and proportionate assessment should apply, also see answer to Question 10.

Actuarial Association of Europe	Volume-based payments, i.e. payments which are additional to basic remuneration and are based on the aggregate of business transacted by a distributor with a manufacturer, can encourage a focus on quantity of sales at the expense of quality. As mentioned above, benefits which are entirely or heavily skewed to the outset of a contract will provide little incentive for a distributor to provide a high quality service. Benefits of this type can also encourage "churning", i.e. surrender and re-writing of a contract without benefit to the customer in order to generate additional payments.
Assuralia	Assuralia considers the following practices to have a detrimental impact on the quality of the service: - so called 'products of the month', where a distributor is provided with certain benefits if he is able to conclude a predetermined amount of contracts for 'the product of the month'. This could incentive the distributor to place his own interests first instead of acting in the best interest of the customer; - unrealistic sales targets for awarding variable remunerations. If these targets are set too high compared to the usual amount of sales, there is more chance that the interests of customers will be harmed. It is therefore recommendable to determine the sales targets in line with a distributor's usual amount of sales; - too large leaps between the different thresholds for incentives.
BIPAR	Potential detriment can be found in the cases of tying/ bundling (mortgage credit with an insurance for example) but here again every case and situation should be considered individually.

Name of Company	**Q12: Please provide specific examples and cases where you would consider that any risk of detrimental impact on the quality of service can be excluded?**
Create Solutions Ltd	Product knowledge training Complains handling training Ethics training
ANASF	Please refer to our answers to Q9 and Q11.
Association of International Life Offices	Examples of inducements which would not tend to be considered detrimental would include: i) Standard commission payments ii). Payment of proper fees (such as legal costs or brokerage). iii) A management commission

	such as a percentage of the reserves or of a savings or investment insurance.
European Federation of Financial Advisers and Financial Intermediaries (FECIF)	FECIF underlines that any calculation or remuneration method is acceptable and it should be not considered as detrimental per se. As of its assessment under specific circumstances, please see Q8.
Bund der Versicherten	In our comment on Question 4 of EIOPA consultations on conflicts of interest in July 2014 we have elucidated some strong examples of mis-selling cases. Taking into consideration the variety of theses cases, we would like to stress that there is no “egg of Columbus” against mis-selling practices. Mis-selling practices can only be reduced by permanent and detailed analysis of distribution practices and by strictly applying a bundle of different severe counter-measures. Some of these measures have already been pointed out (cf. our comments on Questions 9, 10 and 14 of EIOPA consultation in July 2014 and on Questions11 and 12 of EIOPA consultation in December 2014): “Hard” disclosure of any kind of third party payments and inducement related to insurance PRIPs has to be mandatory. The disclosure should not only include commissions for the pure sales activities, but for the long-term administrative activities, too. Hard disclosure of commissions and strict implementation of compliance rules (POG Guidelines etc.) by insurer boards may entail a more or less strong reduction of numbers of distributors. From the point of view of consumer protection such a development may even reinforce fairness in selling practices. Regular appropriate income represents a main objective in order to reduce “push sales” and to strengthen “best advice” by distributors. But as a consumer organization we do not only stress the necessity of changes in the current commission remuneration system, but there has to be developed a level playing field among different types of remuneration systems including a fee based system. This is especially the case for the financial services in Germany, where the socalled "Honorarberatung" (a fee based advice - no sale of any product) was - until now - completely overridden by the existing commission system. Only full transparency of any kind of commissions, inducements, incentives or fees will allow the customers to make an informed investment decision.
ABI	Firms can manage processes to avoid conflicts of interests between commercial interests and customer needs. This can be achieved by, for example managing risks in incentive schemes for sales staff, such as removing ‘accelerator thresholds’ and also remunerating staff in regards to the

	quality of the sale, in addition to the quantity of sales.
BVI	No reply.
Gesamtverband der Deutschen Versicherungswirtschaft (German Insurance Association)	In the previous answer we have explained why there is no presumption for service quality in connection of a certain type of remuneration. Fee-based insurance advice is not tantamount to avoidance of any quality deterioration (see question 11). It is crucial to assess whether a benefit under commission-based remuneration is at all contrary to the customers' interests. Commissions can help to significantly promote professional advice, permanent customer support and full consideration of customer needs. Thus, commissions / benefits can foster a high quality of service. Examples are: • Incentives aiming at a holistic advice on all insurance needs of a customer and / or extensive documentation of advice • Professional training with focus on quality of advice (including benefits directly linked to the training, such as catering or training materials) • Support for IT facilities and promotion of next generation employment (junior employees) In case one does want to assume, regardless of the design of the remuneration model, a threat to the quality of service of the distributor by a specific benefit, specific security mechanisms (see question 8) help to mitigate this presumed risk. One has to be careful with the consequences drawn from isolated formalistic criteria as a single source for quality evaluation. Single indicators have to be carefully viewed in the context. For example: Not every contract cancellation is about an expression of customer dissatisfaction due to lack of service quality. A cancellation might also be the result of a change to a more suitable product recommended by the distributor. Thus, alleged indicators for lack of quality in individual cases might well be an expression of a distributor's high performance. Key to a reliable evaluation of the service quality is thereby the holistic approach based on appropriate principles for benefits with regard to customer protection.
OP Cooperative	The quality of service is rarely impaired when the personnel of product distributor gets training from product manufacturer. Product training usually helps distributor to comply with its obligations. Misselling can be prevented, when the sales personnel has right information of qualification and risks of the insurance product. Participation in training events with reasonable hospitality should be excluded.

AFA Association française de l'assurance (FFSA - GEMA)	Detrimental impact should be excluded for commission paid to tied agents. These commissions are part of the contractual link between tied agents and insurance undertakings which they represent. Furthermore, related to the remuneration policy requirements, EBA and ESMA consider tied agents as staff. In France 13 500 tied agents are concerned. We also do consider that where advice (personal recommendation) is made compulsory for the distributor and the client, inducements should not be presumed as detrimental as they allow a “mutualisation” of advice costs to the benefit of all clients.
OPTEVEN ASSURANCES	When the benefits amount is linked to the customer satisfaction %. When the benefits is cancelled because the product has not been sold properly
ANIA (Italian Insurers Association)	The standard commission paid to tied agents should exclude detrimental impact. As regards remuneration policy requirements, EBA and ESMA consider tied agents as staff and these commissions are part of the contractual link between tied agents and the insurance undertakings which they represent. Inducements should not be considered detrimental when advice is compulsory for the distributor and the client.
ANACOFI	From a general point of view, the risk of detrimental impact on the quality of the service can be excluded when information about the service provided and associated costs (amount or method for calculating) are disclosed for costumers and when suitability is frequently review.
EIOPA IRSG	Generally, proportionate and principles-based overall assessment of impact should apply, including consideration of possible mitigation efforts (e.g. via consideration of sales compliance rules or quality indicators in the remuneration, such as lapse rate).
IFDS	As noted above, IFDS considers the risk here is not so much in the nature of the benefit, but in any association behind the invitation / offer. Any list of examples where the risk of detrimental impact on the quality of service can be excluded would in our view therefore be non-exhaustive. We would however, expect acceptable benefits to include in house training courses, industry events, modest hospitality and modest gifts (as an expression of thanks). Firms should ensure they have in place a gifts and benefits policy that stipulates what benefits are acceptable and what should happen where limits are breached.

Allianz SE	Generally, a holistic, principles-based and proportionate assessment should apply (see also answers to questions 8 to 11). As part of possible solutions, there are specific safeguards, which can help to mitigate concerns (if any), e.g. making the payment of a remuneration component contingent on contract conclusion (i.e. commissions), on compliance with sales conduct rules, or mixing incentives based on sales volume with quality indicators (e.g. a low lapse rate as an indicator for customer satisfaction). In any case, care needs to be taken to maintain the holistic view (a high lapse rate could be desirable, if customers switch to an even better product). By contrast, it would not be adequate to assume that there are cure-all ("silver bullet") approaches for remuneration structures. Sometimes, fee-based remuneration (i.e. distributor remuneration paid as a fee by the customer) is proposed as such solution. While a fee-based structure may help to mitigate some concerns under some circumstances, it would be problematic to assume, that it does not carry any risk of detrimental impact. For example, an hourly fee carries incentives to extend consultation by the distributor beyond the time necessary or to recommend regular reviews triggering additional costly fees for the customer. Therefore, a principles-based approach (as indicated in IDD level 1) should be maintained on level 2 and not be converted into an (overly) formalistic rules-based approach.
Actuarial Association of Europe	No system of calculating benefits or methods of payment are completely without risk of detrimental impact on the quality of service. Any such system or method should be accompanied by monitoring of quality of service and outcomes, both by manufacturer and distributor. For instance, while benefit payments such as salary and associated benefits which are not related to measures of volume may be considered to promote objectivity, they may be so divorced from achievement that there is no motivation to provide a quality of service. Ongoing payments based on amount of fund can provide an alignment of interest between customer and distributor and encourage high quality service, but could also influence the distributor to promote investment options which are inappropriate for the customer's risk profile.
Assuralia	It should be acknowledged that the offering of a market conform basic remuneration does not have a detrimental impact on the quality of the service, especially not when the distributor in return is required to ensure that the products he offers are in line with the customer's demands and needs. We do not see any risk of detrimental impact on the quality of the service, when a distributor is offered a training class

	or a reduction in training fees. In general, remuneration models that do not stimulate a distributor to put his own interests ahead of the customer's best interest should not be regarded as detrimental to the quality of the service. Furthermore, it has to be acknowledged that distributors are obliged to analyse the customer's demands and needs and to test the suitability / appropriateness of insurance-based investment products. Consequently, the offering of unsuitable products is not solely tackled by the rules on inducements.
BIPAR	Again, we believe that EIOPA has to take a proportionate approach and look at the overall picture before making this kind of assessments.

Name of Company	**Q13: From your point of view, under which circumstances do insurance intermediaries and insurance undertaking not comply with their duty to act honestly, fairly and professionally in accordance with the best interests of the customers when receiving or paying inducements (not having a detrimental impact on the quality of the service) as laid down in Article 29(2)(b), IDD?**
Create Solutions Ltd	Lack of due diligence on claims partners ability to set own rate of commission on net rates ability to set the premium
ANASF	Please refer to our answers to Q9 and Q11.
Association of International Life Offices	The requirement of the Article is that the fee, commission or benefit impair the insurance intermediary's or undertaking's compliance with these duties. We would regard these as any circumstances when the distributor does not present information in a form that is fair, clear and not misleading.
European Federation of Financial Advisers and Financial Intermediaries (FECIF)	Compliance with the duty to act honestly, fairly and professionally should not be related in a general way to the inducements taken/paid out. Inducements may (or may not) represent a motivating element in breaking this rule. Any attempt to firmly and always relate those two areas (despite the fact they are linked occasionally in business practice) represents a grave simplification and is not appropriate.

Bund der Versicherten	One major problem driver which has to be taken into consideration is the choice of qualified personal. Knowledge and ability requirements have to be standardized on a common mandatory level, a continuous professional development (CPD) has to be implemented by each insurer. When choosing new personal, distributors or insurers have to stress that working for a financial company does not mean “quick sale” and “making a big fortune” only in a short time. Insurers very often assert that insurances are products that have to be pro-actively “sold”, because they are an “abstract” product, not like a TV, a computer or a car which are obviously “haptic”. From the consumers perspective we clearly object this assertation. Consumers know their life risks exactly, but they do not know the appropriate insurance products covering these risks. So, the sales pressure on the one hand and the lack of technical knowledge on the other hand lead to a kind of “vicious circle” between intermediaries and customers. The only way out of this constellation producing all the mis-selling cases we know consist in implementing strict compliance rules for the distribution. Unconditional priority has to be given to best advice as a service in itself (and not just as a supplementary argument of sale) and consequently to the social responsibility of the insurers. As Mr. Bernardino stressed recently: “We expect leadership; a tone from the top. It is the Board responsibility to make sure that adequate product oversight and governance is established within the undertaking” (Speech in Reykjavik, 27 June 2014).
ABI	We do not have specific examples and cases because these practices are not in place in the UK due to the FCA’s RDR and inducements regime.
BVI	In our view, the duty to act honestly and fairly in accordance with the best interests of the customers necessarily implies the provision of appropriate information on inducements received or paid. Therefore, insurance intermediaries and insurance undertakings should be obliged to disclose the amount of the relevant inducement or if the amount cannot be ascertained, the applicable method of calculation, to the customer prior to the conclusion of the contract.

Gesamtverband der Deutschen Versicherungswirtschaft (German Insurance Association)	The assignment of concrete situations to vague legal terms represents a special challenge. Any concretization of Article 29 (2) b) IDD should allow distributors to develop workable solutions for the practical implementation of the regulation into their sales processes. The regulatory requirements of the IDD regarding duties on information and advice can be used as indicators for an honest, fair and professional behavior of the distributor. Verifiable intentional violations of the rules of conduct under IDD, such as the concealment of available, more appropriate alternative products to the customer during advice, are an expression of a systematic neglect of clients' interests and may trigger national sanctions as listed in the IDD.
OP Cooperative	N/A.
EFAMA	In our view, the duty to act honestly and fairly in accordance with the best interests of the customers necessarily implies the provision of appropriate information on inducements received or paid. Therefore, insurance intermediaries and insurance undertakings should be obliged to disclose the amount of the relevant inducement or if the amount cannot be ascertained, the applicable method of calculation, to the customer prior to the conclusion of the contract.
AFA Association française de l'assurance (FFSA - GEMA)	We do not see any circumstances where insurance intermediaries and undertakings may generally be considered as not complying with their duty to act honestly, fairly and professionally in accordance with the best interest of the customers. On the other side we believe that when products are sold with advice, this requirement is always fulfilled. Advice will aim to provide the most suitable product to the customer and thus enhance the customer's safety and where advice is mandatory the distributor may be sanctioned on the basis of a poor advice both by the supervisor and in court.
OPTEVEN ASSURANCES	When they sell a product not in the interest of the end customer but only a product which gives them financial advantages.
ANIA (Italian Insurers Association)	In our opinion insurance intermediaries and undertakings generally comply with their duty to act honestly, fairly and professionally in accordance with the best interest of the customers in all circumstances. "Compliance to the duty to act honestly, fairly and professionally" is also ensured through internal code of conducts and systems of control, which are designed to avoid, among other things, reputational and compliance risks and to optimize processes and services. The scope of advice is to provide the most

	suitable product to the customer in the best interest of the client, and when products are sold with advice, this requirement is always fulfilled.
ANACOFI	We consider that an insurance intermediary doesn't comply with its duty to act honestly, fairly and professionally when it's not clearly identifiable (identity, address..), avoiding to take into account the costumer's needs, forgot to disclose the relevant information about insurance product… On the same way, we should ban professionals presenting themselves as independent intermediaries, but being paid by fees and working with a sole insurance undertaking.
EIOPA IRSG	The many undefined legal terms (e.g. "fairly", "best interest of the customer") may make it difficult to specify the exact duties of the distributor.
IFDS	As IFDS is an administration services provider we are not in a position to comment on this.
Allianz SE	The interpretation is not fully clear, since this rule contains many undefined legal terms. To operationalize it, is would be most appropriate to take a holistic, proportionate and principles-based view with respect to the well-understood (best) interests of the customer, the factual possibility on behalf of the distributors to responsibly operationalize the requirement, i.e. without open-ended exposure and the possibility of balancing of any positive with potential detrimental effects. An example of a deviation from the rule would be missing or wrong disclosure of sources of intermediary remuneration towards the customer from the manufacturer as prescribed explicitly in Art. 19 (1) (e) IDD.
Actuarial Association of Europe	No comment.
Assuralia	In our opinion, the basic criterion for the assessment of inducements should be the obligation to always act in the best interest of the customer. The main focus is to ensure that remunerations do not provide an incentive to recommend a particular insurance product to a customer based on self-interest (for instance a higher commission), while another product that would better meet the customer's needs could be offered. The interest of the customer should always come first. Due to this basic rule, insurance companies in Belgium have stopped offering so called 'products of the month'. In these situations, distributors received certain benefits if they were able to conclude a predetermined amount of contracts for 'the product of the month'. Another appropriate criterion for the assessment of

	inducements are the targets used for awarding variable remunerations. If these targets are set very high, there is more chance that the interests of customers will be harmed. It is therefore recommendable to determine the sales targets in line with a distributor's usual amount of sales. Too large leaps between the different thresholds for incentives should be avoided for the same reason.
BIPAR	In this respect, BIPAR is of the opinion that every intermediary has the right to be fairly remunerated for his or her services. This is also to the benefit of the consumer. A pure fee-based market, for example, would exclude many people from access to any level of advice or assistance in their search for an appropriate insurance product, as has been the practical experience in Member States that have prohibited commission payment approaches. The prohibition of payment and remuneration by insurers would be an obstacle to free market principles of fair remuneration for services rendered. Indeed, it would become impossible for intermediaries to require insurers to pay intermediaries for the work they do on their behalf (and which is work that is done also in the interest of the customer). It is interesting to note that the Investment Management Association (IMA)'s 11th annual Asset Management Survey which was published in August 2013 outlined a number of pitfalls since the RDR was implemented in the UK: Ø Less access to advice: Many consumers could be priced out of receiving advice. Ø Multiple share classes: The creation of multiple share classes to accommodate different charging structures could emerge as an issue. Large fund distributors have tried to provide 'super clean' share price deals with fund groups, to sell funds at a discounted rate compared to competitors. Ø 'Dumbed down' funds: RDR could lead to too many "plain vanilla" outcome orientated products, which do not generate significant levels of alpha, and further cause excessive conservatism, due to investors having insufficient experience in taking calculated risks. Ø Advice gap: The survey expressed concerns that an 'advice gap' will result due to changing charging structures, creating greater numbers of unadvised, low-to-middle net-worth retail investors. Unadvised investors might favour execution-only platforms or go direct as a consequence of the new pricing structures. The concern is not unfounded, seeing as several providers of advice have culled their financial adviser workforces, including HSBC, RBS and Barclays. Ø Consolidation: Finally, one of the unintended consequences of RDR could be a more polarised fund management industry. The report indicated that a lot of consumers will most likely exit the market for financial advice entirely, based on the discrepancy between willingness to pay and cost of advice: 91% of UK consumers will not pay more than £25 for an hour of financial advice (survey conducted by

	Rostrum Research in 2012). It cannot be stressed enough that consumers and SMEs are much less likely to shop around for the insurance or investment product which best meets their needs in a fee-only based environment as they will have to pay a fee each time they interact with an intermediary – whether or not they decide to follow the advice or buy the product. The remuneration of intermediaries being in principle commission-based with the possibility to agree fees has been and continues to be a major contributing factor in the successful development of insurance markets all over the world. Any other situation would ignore the fact that the insurance intermediary typically renders services to both sides of the contract, the customer and the insurance company: as with any commercial relationship both kinds of services have to be remunerated by the beneficiary. It would also deprive consumers of the choice between business models. It is always in the best interest of consumers to be provided with adequate information so that they can make an informed decision. This is the "raison d'être" of insurance intermediaries. This goes to the very heart of the intermediaries' role. Insurance intermediaries are mostly SME-style operations, employing many thousands of people locally. It is important to ensure that any future European policy on conflict of interests for intermediaries mediating IBIPs does not have any unintended side effects, does not result in less choice for consumers and does not jeopardize intermediaries' activities and business models.

Name of Company	**Q14: Which steps should insurance intermediaries and insurance undertakings be supposed to take in order to address and manage conflicts of interest resulting from inducements?**
Create Solutions Ltd	Formal written polices subject to external scrutiny Conflicts of interest are largely misunderstood as intermediaries are often muddled about agency law and duty owed by an agent to a principal. Directors of Insurance intermediaries should have clarity on who they are acting for and why they are in business
ANASF	We believe that these steps should be aligned with relevant MiFID provisions: cf. directive 2006/73/EC, Articles 22-25 (as possibly amended by delegated acts to be adopted pursuant to MiFID II).
Association of International Life Offices	The remuneration policies and legal agreements of the entity should prevent such remuneration being paid or received. Appropriate action should be taken if employees are found to breach these policies.

European Federation of Financial Advisers and Financial Intermediaries (FECIF)	Again, FECIF considers the system developed under MIFID I acceptable. This would also ensure crucial compatibility between investments and unit-linked sectors, where long-standing regulation arbitrage is one of the main reasons that has led to many mis-selling cases, not the lack of regulation itself.
Bund der Versicherten	Conflicts of interest have to be considered as part of Business Conduct Risks. These are risks relating to the way in which a firm and its staff conduct themselves, and includes matters such as how consumers are treated, how products are designed and brought to market, remuneration of staff, and how firms deal with conflicts of interest or resolve similarly adverse incentives. With respect to the conduct of business, there is a link between conduct risk and governance. To make it clear from the outset: any kind of inducement which would not be for the benefit of the costumer must be forbidden and sanctioned. In its Delegated Act on Solvency II (2015/35/EU by 10 October 2014) the European Commission developed a System of Governance (Chapter IX), in which "Fit and Proper Requirements" for the management as well as principles of Remuneration Policy are fixed. Article 275 states that "...the remuneration policy and remuneration practices shall be established, implemented and maintained in line with ... the long-term interests and performance of the undertaking as a whole and shall incorporate measures aimed at avoiding conflicts of interest; (...) there shall be clear, transparent and effective governance with regard to remuneration, including the oversight of the remuneration policy". Part 2 of the same article underlines that "...where remuneration schemes include both fixed and variable components, such components shall be balanced so that the fixed or guaranteed component represents a sufficiently high proportion of the total remuneration to avoid employees being overly dependent on the variable components and to allow the undertaking to operate a fully flexible bonus policy, including the possibility of paying no variable component". As a consumer organization we fully agree with these principles and we emphasize their relation with the "fit and proper" requirements: "assessment of the person's professional and formal qualifications, knowledge and relevant experience within the insurance sector" as well as "assessment of that person's honesty and financial soundness based on evidence regarding their character, personal behavior and business conduct including any criminal, financial and supervisory aspects relevant for the purposes of the assessment" (article 273). Additionally we stress that corporate governance, risk management and

	internal audit function have to be separated clearly.
ABI	We do not have specific examples and cases because these practices are not in place in the UK due to the FCA's RDR and inducements regime.
BVI	We believe that customer information about inducements paid or received by the insurance intermediary or the insurance undertaking should be considered an essential element of proper conflict of interest management in line with the principles laid down in Articles 28 (2) and (3) IDD. Hence, insurance intermediaries and insurance undertakings should be obliged to disclose the amount of the relevant inducement or if the amount cannot be ascertained, the applicable method of calculation, to the customer prior to the conclusion of the contract. More generally, in order to ensure effective investor protection and to achieve a level playing field in the distribution of investment products, it is essential to align Level 2 measures under IDD and MiFID. Hence, we recommend that EIOPA refers to the standards already agreed upon in terms of MiFID II implementation as a basis for its work on delegated acts under the IDD. We also urge EIOPA to work closely with ESMA on any Level 3

	guidance in this area.
Gesamtverband der Deutschen Versicherungswirtschaft (German Insurance Association)	The IDD addresses successfully the transparent disclosure of compensation to the customer: information on nature and source of remuneration has to be provided. Thus, the customer can assess the interest of his counterpart. Distributor of insurance products on the other hand should be able to handle remuneration along the value chain in a flexible way, adapting it to their individual business processes and implementing suitable quality safeguards. Their behavior has to be compliant accordingly. To give examples, compliance management systems of insurance undertakings could implement some of the following measures: • Internal company policy for handling conflicts of interest • Internal review of the remuneration- and incentive-mechanisms following the guidelines set by the undertakings compliance • Analysis of complaints about conflicts of interest in the internal complaint management system • Development of an escalation process for cases where customers, intermediaries or employees report a conflict of interests (complaint or whistleblowing). • Explicit arrangements in the contracts with intermediaries: to comply with the regulation on conflicts of interest • Promotion of corporate awareness by means of professional training.
OP Cooperative	N/A.
EFAMA	We believe that customer information about inducements paid or received by the insurance intermediary or the insurance undertaking should be considered an essential element of proper conflict of interest management in line with the principles laid down in Articles 28 para. 2 and 3 IDD. Hence, insurance intermediaries and insurance undertakings should be obliged to disclose the amount of the relevant inducement or if the amount cannot be ascertained, the applicable method of calculation, to the customer prior to the conclusion of the contract. More generally, in order to achieve the fundamental and overarching policy intent of the overall PRIIPs initiative, it is essential to ensure alignment between Level 2 measures

	under IDD and MiFID. We therefore urge EIOPA to refer to the relevant provisions in the MiFID II Level 2 Regulation and Directive. We also urge EIOPA to work closely with ESMA on any Level 3 guidance in this area.
AFA Association française de l'assurance (FFSA - GEMA)	See answer to question 8.
OPTEVEN ASSURANCES	They should inform the end customer about the nature of the fees received as remuneration. Should an external body look at conflicts of interest ?
ANIA (Italian Insurers Association)	See answer to question 8.
ANACOFI	As forecast by IDD, insurance intermediaries have to put in place an internal process in order to manage conflicts of interests. He might take appropriate measures to identify conflicts of interest, inform the involved client and almost offer a solution. He must keep a record of his action.
EIOPA IRSG	Intermediaries should firstly seek if possible to avoid conflicts of interest. Where it is not possible to avoid conflict of interests intermediaries should mitigate as far as possible any conflict of interest and should disclose the conflict of interest to any client or potential client. The transparency requirements for IBIP's should address most if not all concerns in this area. Both insurance undertakings and intermediaries should do their utmost in order to prevent conflict of interests, no matter the form in which they arise. Sales conferences in exotic places, team-building events that go well beyond a reasonable level etc. should be avoided. Remaining budgets can, in example, be diverted into training for the sales force, social responsibility programs etc.
IFDS	IFDS believes that firms should have a conflicts of interest policy which clearly sets out their approach. Firms should also have a gifts and benefits policy, anti-bribery and corruption policy, and a personal account dealing policy. These should be mandatory for all staff to read, be supported by training, and be reviewed on an annual basis. IFDS believes clear procedures, operational controls and compliance oversight are key measures. The UK has a comprehensive policy in FCA rules, reflecting existing EU

	obligations, for managing conflicts of interest from inducements. We recommend EIOPA consider adopting the FCA approach, with additional measures being added only where necessary.
Allianz SE	The key criterion should be the effectiveness of mitigation of conflicts of interest, not compliance with rigid formal criteria. The approach should remain principles-based and proportionate to combine effectiveness and leave sufficient flexibility to find the best solution for the respective situation. In particular, even if disclosure of conflicts of interest is considered only a measure of last resort in the mitigation efforts, the positive effects of any disclosures (also as merely supporting measure) should be taken into account in the overall assessment of the efforts.
Actuarial Association of Europe	Insurers and intermediaries should be required to - design and implement strong and transparent processes to ensure that products distributed adequately meet customer needs, at the outset and during the lifetime of the product; - disclose clearly to customers the level, type and incidence of benefits received by the distributor, including those directly related to a particular contract and those calculated at an aggregate level, based on volume or other measure; - disclose the relationship between the manufacturer and the distributor, i.e. whether the distributor is acting on behalf of the manufacturer or the customer; and - have a mechanism in place to record any non-monetary benefits in excess of an amount considered to have the potential to impair objectivity.
Assuralia	Insurance intermediaries and undertakings should always take into account the interests of the customers involved when identifying and managing possible conflicts of interest. As a first step insurance intermediaries and undertakings should identify the possible conflicts of interest that could occur, such as conflicts that result from the applicable remuneration structures. This exercise should take into account, inter alia, the following general questions: (i) can the distributor make a profit or a loss at the expense of the customer?; (ii) does the service provider have an interest in the outcome of the transaction or insurance mediation that differs from the interest of the customer?; (iii) does the distributor have a financial or other kind of interest to put the interest of certain customers ahead of the customer in question?; (iv) could the distributors be encouraged by certain kinds of remuneration to sell a particular product

	while another product would be more suitable for a customer?; (v) do the distributors receive inducements from a third party, other than the customer? In the end, this exercise should result in a list of possible conflicts of interest. It should be noted that this list can differ significantly between different undertakings and intermediaries, as this exercise highly depends on the specific characteristics of the entity involved. Secondly, insurance undertakings and intermediaries have to take appropriate measures in order to manage the conflicts of interest identified under step 1. The measures aim at ensuring that the persons involved can operate in an independent way in the performance of their duties. An example is to make sure that the remuneration of commercial employees is not linked to the remuneration the undertaking receives with regard to the product portfolios of their customers. Practical examples of steps that can be taken to address and manage conflicts of interest resulting from inducements could be (i) the introduction of a 'remuneration committee' which assesses and advices on the applicable remuneration structures; (ii) the establishment of a list of remunerations; (iii) to have the compliance department monitor complaints and conflicts or (iv) limiting the amount of variable remuneration (appropriate balance between variable and fixed remunerations). Only when a possible conflict can not be avoided by these organisational and administrative measures, the customer has to be notified. As a third step, distributors should be obliged to establish and keep up to date a register which contains the conflicts of interest that actually have occurred. The whole process described above should finally be registered in a conflicts of interest policy. This policy describes, inter alia, the manner in which the possible conflicts were identified and the result of this identification (cf. list mentioned under step 1), the organisational and administrative measures that were taken to manage the conflicts of interest, the way in which clients were informed about the conflicts (step 2) and the means of registration of conflicts of interest (step 3). The policy could serve as a roadmap for addressing conflicts of interest, as the concrete procedures to be applied by the undertaking or intermediary have to be written down. Note that intermediaries are also required to have their own policy. An independent intermediary for instance is responsible for drawing up and putting into practice his own conflicts of interest arrangements. In general, Assuralia recommends EIOPA not to prescribe

	the steps to be taken in order to address and manage conflicts of interest in a detailed way. The process described above needs to be altered to and is highly dependent on the characteristics, structure and activity of the entity involved.
BIPAR	BIPAR notes that the text of IDD already foresees that distributors have to act in accordance with the best interest of the customer and that benefits should not have a "detrimental impact". Regarding the steps to be taken for conflicts of interest resulting from "inducements", BIPAR believes it is essential that insurance intermediaries put in place reasonable and proportional systems to identify, manage and mitigate conflicts of interest. They should firstly seek if it is possible to avoid conflicts of interest. Where this is not possible, they should mitigate the conflict of interest as far as possible and disclose it. Disclosure can play an important role in tackling conflicts from commission payments or third-party payments. We support that for insurance-based investment products there is a need for transparency of all costs which may have an impact on the return of the investment, and this on a level playing field basis.

Name of Company	**Q15: From your point of view, what are the relevant criteria to assess whether an insurance-based investment product is suitable for a customer pursuant to Article 30(1), IDD?**
Create Solutions Ltd	Can't comment on investment products - out of my area of knowledge

ANASF	In general, all the criteria listed in Article 30(1), IDD, are relevant and none of them should be underestimated. We emphasise the need to align IDD delegated acts with MiFID delegated acts. Pursuant to directive 2006/73/EC, Articles 35 and 37 (as possibly amended by delegated acts to be adopted pursuant to MiFID II): a) the information regarding the financial situation shall include, where relevant, information on the source and extent of the client's regular income, his assets (including liquid assets), his investments and real property and his regular financial commitments; b) the information regarding the investment objectives shall include, where relevant, information on the length of time for which the client wishes to hold the investment, his risk profile, and the purposes of the investment; c) the information regarding knowledge and experience in the investment field includes (to the extent appropriate to the single client, the service and the product or transaction) the types of service, transactions and products with which the client is familiar; the nature, volume, and frequency of the client's transactions and the period over which they have been carried out; the level of education and his profession (or relevant former profession). Insurance undertakings and insurance intermediaries should also ensure that clients are aware of the importance of providing accurate, consistent and up-to-date information: to this end, they should check whether there are obvious inaccuracies in the information provided by clients (for example, by means of some control questions). The suitability assessment and the relevant criteria should properly consider whether the customer will pay a single premium or a regular premium. More generally, we point out the importance of more consistent harmonization with MiFID II: - on the one hand, we agree with the conditions to be met when an insurance intermediary informs the client that advice is given independently (Article 29(3), IDD), as they coincide with those provided by Article 24(7), MiFID II; - on the other hand, pursuant to Article 29(3), IDD, the aforementioned conditions are to be met only if Member States opt for national transposition ("Member States may require […]"). Conversely, no opt-in solution is provided by MiFID II, as Member States are mandatorily required to transpose provisions on advice provided on an independent basis. For the sake of harmonization, such a difference between MiFID II and IDD should be eliminated: also in IDD framework, Member States should ensure that insurance intermediaries meet the aforementioned conditions when they inform the client that advice is given independently.
Association of International Life Offices	We believe that these are adequately stated in Art 30(1).

European Federation of Financial Advisers and Financial Intermediaries (FECIF)	FECIF thinks that MiFID-based rules should be used here, particularly in relation to unit-linked products (see the compatibility reasoning above).
Bund der Versicherten	From the consumer's perspective there is a clear priority related to insurances: risk coverage is more important than savings. This priority is even more important in relation to life insurances. With the exception for persons who live as singles, only term life insurances for spouses and families with children have to be considered as a necessary risk coverage. Related to the risk of longevity, annuity insurances are one possible option, but for retirement provision the whole spectrum of securities and other pension plans are relevant options, too. Life insurances with profits have to be considered as secondary insurances classes, because there are neither transparent nor cost-efficient as long-term saving instruments. In Germany (with more than 80 million capital life insurance contracts) far more than 50% of these contracts are cancelled before reaching maturity (cf. our comment on Q19 of JDP on KIDs for PRIIPs in February 2015). As already pointed out in our comment for Q3 of this consultation, the relevant criteria for a fair and personal analysis are as follows: age, gender, family status, professional status, income, property, assets, credit commitments. Additionally on our website our organization offers a free online tool for the fundamental analysis of needs of each policy holder ("Bedarfs-Check"): https://www.bundderversicherten.de/BedarfsCheck
ABI	In regards to suitability, we would support greater alignment with MiFID requirements. Therefore for the firm to obtain the following; • Knowledge and experience in the investment field relevant to the specific type of designated investment or service. • Financial situation/their ability to bear loss. • Investment objectives
BVI	Alignment between implementing standards applicable under IDD and MiFID is essential in order to ensure effective investor protection and to achieve a level playing field in the distribution of investment products. We therefore urge EIOPA to refer to the relevant provisions in the MiFID II Level 2 Regulation and Directive. We also urge EIOPA to work closely with ESMA on any Level 3 guidance in this area.

Gesamtverband der Deutschen Versicherungswirtschaft (German Insurance Association)	In this respect we would like to emphasize the importance of the criteria given in Art. 30 (1) IDD: • information on customers' knowledge and experience in the investment field relevant, • the customers' financial situation and • their investment objectives. The respective information could be obtained by requesting information on personal data, information on employment, information regarding tax and social security, the customers' income and wealth and their reason to seek advice from the distributor. However, it is important to adjust the suitability assessment to the characteristics of the respective product and customer in the particular case. The assessment should not be clogged with rigid processes aiming to retrieve information which may not be necessary for the individual customer. Specifications stipulated by level 2 legislation should therefore not be overly prescriptive. In fact, the criteria given in Art. 30 (1) IDD are sufficient to allow for a tailor-made assessment in accordance with a principles-based approach.
OP Cooperative	MiFID II requirements are sufficient to insurance-based investment products.
EFAMA	In order to achieve the fundamental and overarching policy intent of the overall PRIIPs initiative, it is essential to ensure alignment between Level 2 measures under IDD and MiFID. We therefore urge EIOPA to refer to the relevant provisions in the MiFID II Level 2 Regulation and Directive. We also urge EIOPA to work closely with ESMA on any Level 3 guidance in this area.
AFA Association française de l'assurance (FFSA - GEMA)	Article 30 (6) do not ask for establishing "criteria" to assess whether an insurance-based investment product is suitable. Conversely the information set by Article 30 (1) IDD could be provided by means of a clear and understandable questionnaire about the customer's knowledge and experience, his financial situation including ability to bear losses (where relevant, information on the source of his regular income, his assets and real property) and his objectives (where relevant, preferences regarding risk and the purposes)... Information required from the customer should be appropriate, proportionate and should focus on factual data concerning existing personal situation of the customer. The client should be warned that it is necessary to provide accurate information.
OPTEVEN ASSURANCES	Not applicable

ANIA (Italian Insurers Association)	Article 30 (6) does not require to establish “criteria” to evaluate whether an insurance-based investment product is suitable In any case, according to us information set by Article 30 (1) IDD could be inserted in a questionnaire on the customer’s knowledge, experience and awareness of the nature of the transaction to understand the risk involved in such a transaction, his financial situation including financial ability to bear losses and face any risk related with the investment objectives (where relevant, information on the source of his regular income, his assets and real property) and his objectives (where relevant, preferences regarding risk and the purposes)... Information provided by the customer should be appropriate, proportionate and should focus on factual data concerning existing personal situation of the customer.
ANACOFI	ANACOFI consider that the insurance intermediary has to obtain all necessary information for assessing the suitability of the product (the costumer’s knowledge and experience, and his risk tolerance, especially in case of unit-linked products).
EIOPA IRSG	By conducting a demand and needs test. Other criteria which would be relevant is the "vulnerability" of the client and the terms and conditions of the product.
IFDS	IFDS is a provider of administration services and is not involved in the activity of giving advice. We are therefore not in a position to comment on this.
Allianz SE	The essential criteria are given in Art. 30(1) IDD, which depends very much on the specific features of the product. In any case, effectiveness of the suitability test should be the guiding principle.
Actuarial Association of Europe	- The level of understanding by the customer of the product and its range of outcomes; - The range of possible outcomes relative to the customer’s ability to withstand losses and the circumstances (including likelihood of occurrence) which could lead to these outcomes; - The potential variability of these outcomes; - The nature and reliability of any guarantee; - The level of risk relating to non-performance by one or more counterparties; and - The liquidity of underlying investments or instruments.
Assuralia	According to the IDD, the insurance distributor shall obtain the necessary information regarding the (potential) customer’s (i) knowledge and experience in the investment field relevant to the specific type of product or service, (ii) his financial situation including the ability to bear losses and (iii) that person’s investment objectives (including his risk

	tolerance). In general, Assuralia calls upon EIOPA to respect the principle of proportionality. The extent of information collected may vary depending on the distributor and distribution activity involved. In determining what information is necessary and relevant, distributors should consider (a) the type of insurance product involved (including the complexity and level of risk) and (b) the nature and extent of the service the distributor may provide. As a general rule; the more extensive and complex the offer of investment products, the more detailed and extensive the survey should be. It should be allowed however to bundle different savings and investment products in one question, provided that they contain similar features. The use of standardised questionnaires should be allowed, provided that the assessment is always sufficiently detailed (degree of detail depends on the particular circumstances, cf. supra) and they contain clear and unambiguous questions. As certain questions should be aligned to the specific features of the products on the national market, it would not be feasible to determine the criteria in detail at EU level. As this suitability assessment is extensive and also takes into account the demands and needs of the customer with regard to the insurance-based investment product, it should be recognised that the general obligation to carry out a demands and needs test is also fulfilled by the suitability assessment. <u>Knowledge and experience</u> With regard to the information to be obtained on the customer's knowledge and experience**,** the distributor could possibly assess to which extent the customer understands the (connection between) risk and reward of the product, the essential characteristics of the underlying fund, the liquidity of the product and the risks related to the product. Furthermore, the distributor could verify the saving and investment products the customer is already familiar with, the amount of transactions he has made in the past and his level of education. It is important that the conclusion linked to the answer to the questions should leave room for nuance. This means that, for example, not having a higher degree can not automatically lead to the conclusion that the customer does not understand more complex products. It should also be acknowledged by EIOPA that the distributor is allowed to help the customer gain knowledge of the insurance products

	involved. Financial situation and ability to bear losses The assessment of the customer's financial situation should take into account the source and extent of the customer's regular income and his regular expenses (financial commitments such as the loan he pays off, rent…). Also other financial aspects (such as assets, real estate, amount of savings, investments, debts…) should be considered to obtain a more complete picture of the customer's financial situation. Furthermore, the assessment should take into account the customer's ability to financially bear any related investment risk, his family situation (for example near retirement age, child that is going to start university), his employment situation (for example close to retirement) and his age. Investment objectives and risk tolerance The criteria used in order to assess the customer's investment objectives and risk tolerance could include, inter alia, information on: - the holding period; - his risk taking preferences and risk profile; - the purposes of the investment; - the amount of loss that the customer finds acceptable for his entire investment portfolio or the investment product in question; - how long can he miss the invested money?; - …
BIPAR	Article 30(1) is clear as it already lists the criteria that need to be considered and we believe that the demands and needs test in the general part of the Directive, which has been very efficient so far, should be used as a basis (but there should not be a cumul of both tests). In any case it is important that any level II text has the intention to interpret the level I in such a way that it becomes a practical and viable (and capable of being supervised and enforceable) piece of regulation and not adding a layer of rules and responsibilities.

Name of Company	**Q16: What is your understanding of risk tolerance and ability to bear losses in the context of Article 30(1), IDD?**
Create Solutions Ltd	Can't comment on investment products - out of my area of knowledge

ANASF	Cf. our answer to Q15: relevant provisions should be aligned with MiFID II delegated acts to achieve a level playing field across financial and insurance distribution activities (cf. directive 2006/73/EC, Articles 35 and 37, as possibly amended by delegated acts to be adopted pursuant to MiFID II). In the suitability assessment, a specific focus should be given to the client's potential behaviour and attitude when he is informed of the losses he has incurred. Moreover, for retail investors with a limited portfolio of financial instruments and insurance-based investment products, MiFID and IDD suitability requirements (particularly, risk tolerance and the ability to bear losses) may be satisfied by means of capital accumulation plans and/or regular premiums that offer the possibility of contributing a small amount of money on a periodic basis.
Association of International Life Offices	Our understanding of risk tolerance is the ability to bear volatility in the value of an investment; ability to bear losses is the level of capital protection required by the client for the investment, after having taken advice from the distributor.
European Federation of Financial Advisers and Financial Intermediaries (FECIF)	Please see Q15.
Bund der Versicherten	Related to PRIIPs the most important risk of consumer detriment consist in cancelling the contract before reaching maturity. In these cases no capital guarantees are valid, and additional strong penality fees heavily reduce the accumulated savings of the customer being paid out. So prior to the analysis of risk tolerance and ability to bear losses as it is usually done by investment companies when selling securities (in Germany following to article 31, paragraph 4 of Securities Trading Act / Wertpapierhandelsgesetz), the best advice on the basis of a fair and personal analysis of risk coverage has to be given (cf. our comments on Q3 and Q15). Additionally we would like to underline that probably the understanding of risk tolerance and ability to bear losses strongly differs between the EU Members States depending on the quantity and the degree to which the population has direct and proper experiences in retail investments. In Germany this is called "Aktienkultur".
ABI	This should be focused on the customer's needs, objectives and circumstances and not just on a customer's willing to bear loss. The ABI would urge that this be aligned with the PRIIPs regulation.

BVI	The wording of Article 30 (1) IDD is nearly identical to Article 25 (2) MiFID and requires consideration of the same aspects for the purpose of suitability testing. Therefore, we strongly recommend that EIOPA refers to the understanding of "risk tolerance" and "ability to bear losses" which has been already agreed upon in terms of MiFID II implementation as a basis for its work on delegated acts under the IDD. Alignment between implementing standards applicable under IDD and MiFID is essential in order to ensure effective investor protection and to achieve a level playing field in the distribution of investment products. We also urge EIOPA to work closely with ESMA on any potential Level 3 guidance in this area.
Gesamtverband der Deutschen Versicherungswirtschaft (German Insurance Association)	The suitability test according to Article 30 (1) IDD should take into account subjective aspects of customer preferences ("risk tolerance") as well as objective measures ("ability to bear losses"). Typically risk tolerance needs to be assessed by asking customers about his or her preferences, since they usually cannot be observed directly. Customers need to express their willingness to bear the risk of potential loss of the investment. An indication can further be given by comparison of the expressed individual customer`s preference with the risk / reward class of the insurance-based investment product in question. By contrast to the subjective customer preferences, the ability to bear losses may rely on measurable indicators, such as wealth or income. Depending on the objectives of the product (e.g. old age provision or wealth creation) and other aspects (e.g. pre-existing wealth / asset portfolio) different measures may satisfy the requirements. Rules on level 2 to further specify these criteria should therefore not be overly formalistic.
OP Cooperative	N/A.
EFAMA	In order to achieve the fundamental and overarching policy intent of the overall PRIIPs initiative, it is essential to ensure alignment between Level 2 measures under IDD and MiFID. We therefore urge EIOPA to refer to the relevant provisions in the MiFID II Level 2 Regulation and Directive. We also urge EIOPA to work closely with ESMA on any Level 3 guidance in this area.
AFA Association française de l'assurance (FFSA - GEMA)	As to us, risk tolerance is in customer's perception and understanding (if he is a careful, prudent spending, pessimist person, not open to big expense on one side or instead a risk open person). Ability to bear loses is about having enough income and/or assets to be able financially to bear any loss. Ability to bear losses do not necessary mean a risk open behaviour. Someone with big incomes could be cautious when spending money.

OPTEVEN ASSURANCES	Not applicable
ANIA (Italian Insurers Association)	Risk tolerance is strictly personal and it is characterized by a series of objective elements: capital, earning capacity, saving capacity, to which we must add personal features, such as risk aversion vis-à-vis investments or, on the other hand, profit-oriented financial risk propensity, while «ability to bear losses» concerns the capacity to bear losses on the basis of the income/assets of the client.
ANACOFI	We consider that several elements have to be taken into account: - risk of loss in capital - investment risk It's essential to take into account the all "family home" or the "company" understanding about risk as a whole.
EIOPA IRSG	"Risk tolerance" is the subjective attitude a customer takes towards risk, "ability to bear losses" concerns objective (measurable) aspects, which may be indicated by wealth or income. A demands and needs test to assess suitability should take into account both.
IFDS	IFDS is a provider of administration services and is not involved in the activity of giving advice. We are therefore not in a position to comment on this.
Allianz SE	The suitability test should take into account subjective aspects of customer preferences ("risk tolerance") as well as objective measures ("ability to bear losses"). Typically, risk tolerance needs to be assessed by asking customers about his or her preferences, since it is typically not directly observable. By contrast, the ability to bear losses may rely on more measurable indicators, such as wealth or income. However, depending on the objectives of the product (e.g. old age provision or wealth creation) and other aspects (e.g. pre-existing wealth or portfolio context) different measures may satisfy the requirements, therefore rules should not be overly formalistic but remain principles-based and proportionate.
Actuarial Association of Europe	Risk tolerance – attitude to and financial capacity to absorb fluctuations in value of investments. Ability to bear losses – Financial capacity to absorb reductions in value of investments without material reduction in net worth.
BIPAR	The risk of an IBIP is linked with the return of an IBIP. This interaction has to be clearly explained to the customer. We understand risk tolerance as a customer's risk appetite (subjective) whereas the ability to bear losses indicates an objective aspect. Indicators to determine this will be e.g.

	the customer's income situation now and in the future, financial obligations, family status etc.

Name of Company	Q17: From your point of view, what are the relevant criteria to assess whether an insurance-based investment product is appropriate for a customer pursuant to Article 30(2), IDD?
Create Solutions Ltd	Can't comment on investment products - out of my area of knowledge
ANASF	As we explain in our answers to Q15 and Q16, consistent harmonization with MiFID II is needed: relevant criteria for the assessment of appropriateness should be drawn on directive 2006/73/EC, Article 37 (see our answer to Q15, point c).
Association of International Life Offices	The requirement is to merely assess that person's knowledge and experience in the investment field relevant to the specific type of product or service offered or demanded. In the absence of the KYC information applicable to advised sales, the only criteria capable of considering in assessing whether the insurance service or product envisaged is appropriate for the customer could be (i) any existing knowledge of the type of insurance product being offered and demanded; or (ii) any prior experience of investing in that product type. However, an absence of knowledge or experience ought not to mean that such a determination of appropriateness can never be made. For example, the distributor may be able to reach the determination after explaining the features of the product and documenting that the customer understood the features.
European Federation of Financial Advisers and Financial Intermediaries (FECIF)	Please see Q15; the appropriateness test should be focused on the customer´s knowledge and experience, as it is under the MiFID umbrella.
Bund der Versicherten	The relevant criteria in order to assess the appropriateness of a PRIIP must exactly be those which are necessary to give best advice on the basis of a fair and personal analysis: age, gender, family status, professional status, income, property, assets, credit commitments (cf. our comment on Q15). Additionally the mandatory disclosures of complex risk-reward relations, realistic return probabilities and

	comprehensive cost structures (by the PRIIPs Key Information Documents) must be explained by the distributor. By doing so, the distributor will be able to assess whether the customer is able to fully understand the offered product following to the customer's knowledge and experience in the investment field. If the customer is not able to make a clearly informed investment decision, the mandatory warning of the possible detrimental effects must be given in a written document. Where a bundle of services and products is offered, the appropriate advice given by the distributor must prevent from selling any kind of overlap of coverage, of underinsurance or over-insurance.
ABI	The criteria should be aligned with MiFID and thereby a firm must determine whether the client has the necessary experience and knowledge in order to understand the risks involved in relation to the product or service offered or demanded.
BVI	The wording of Article 30 (2) IDD is nearly identical to Article 25 (3) MiFID and requires consideration of the same aspects in relation to the appropriateness test. Therefore, we strongly recommend that EIOPA refers to the standards already agreed upon in terms of MiFID II implementation as a basis for its work on delegated acts under the IDD. Alignment between implementing standards applicable under IDD and MiFID is essential in order to ensure effective investor protection and to achieve a level playing field in the distribution of investment products. We also urge EIOPA to work closely with ESMA on any potential Level 3 guidance in this area.
Gesamtverband der Deutschen Versicherungswirtschaft (German Insurance Association)	The key criteria are laid down in Art. 30 (2) IDD: knowledge and experience of the customer in the investment field relevant to the specific type of product. More specific criteria on level 2 should only specify these broad criteria somewhat further but should not become overly formalistic or restrictive. In particular, it is important that the criteria for appropriateness do not relate to the (actuarial) degree of sophistication of the construction or the mechanics of the product but to the effective demonstration of the product payoff for the customer. For example, guarantees may be difficult to construct but are easy to understand.
OP Cooperative	MiFID II requirements are sufficient to insurance-based investment products.
EFAMA	In order to achieve the fundamental and overarching policy intent of the overall PRIIPs initiative, it is essential to ensure alignment between Level 2 measures under IDD and MiFID. We therefore urge EIOPA to refer to the relevant provisions

	in the MiFID II Level 2 Regulation and Directive. We also urge EIOPA to work closely with ESMA on any Level 3 guidance in this area.
AFA Association française de l'assurance (FFSA - GEMA)	Article 30 (6) do not ask for establishing “criteria” to assess whether an insurance-based investment product is appropriate.
OPTEVEN ASSURANCES	Not applicable
ANIA (Italian Insurers Association)	Article 30 (6) does not require to establish “criteria” to evaluate whether an insurance-based investment product is suitable. In any case, generally speaking, to assess whether an insurance-based investment product is appropriate, insurance intermediaries shall request information from the customer or potential customer regarding his awareness and experience in the investment sector relevant to the type of instrument or service proposed or requested.
ANACOFI	Please see Q15.
EIOPA IRSG	Core criteria are included in Art. 30 (2) IDD, i.e. customer knowledge and experience. A demands and needs test to assess appropriateness should take those into account, typically by asking the customer about these aspects.
IFDS	IFDS believe the definition of complex/non-complex products under MiFID II should be aligned to IDD to ensure consistency and harmonisation across financial markets. In the UK industry participants via TISA are working on a best practice guide for appropriateness for ESMA to consider in relation to MiFID II. IFDS suggest that EIOPA consider this best practice guide in relation to appropriateness testing of customers when buying an insurance-based investment product.
Allianz SE	The essential criteria are laid down in Art. 30 (2) IDD, i.e. knowledge and experience of the customer with the type of product. More specific criteria may narrow down these broad criteria to some extent but should not become overly formalistic or restrictive. It is important that the criteria for appropriateness do not relate to complexity of the construction or the mechanics of the product but on the effective exposure or payoff of the product for the customer. Guarantees (e.g. in the form of a guaranteed annuity amount or return) may be difficult to deliver for the manufacturer, but are easy to understand for the customer and therefore should not be considered complex per se (see also answer to Question 18).
Actuarial Association of	No comment.

Europe	
Assuralia	The IDD requires distributors to obtain information on the customer's knowledge and experience in the investment field relevant to the specific type of product or service offered or demanded. With regard to the information to be obtained on the customer's knowledge and experience, the distributor could possibly assess to which extent the customer understands the (connection between) risk and reward of the product, the essential characteristics of the underlying fund, the liquidity of the product and the risks related to the product. Furthermore, the distributor could verify the saving and investment products the customer is already familiar with, the amount of transactions he has made in the past and his level of education. It is important that the conclusion linked to the answer to the questions should leave room for nuance. This means that, for example, not having a higher degree can not automatically lead to the conclusion that the customer does not understand more complex products. It should also be acknowledged by EIOPA that the distributor is allowed to help the customer gain knowledge of the insurance products involved.
BIPAR	Here as well we believe that the article 30 is clear (asking the customer information on his knowledge and experience in the investment field relevant to the specific type of product or service) and one can look at the demands and needs test. It is important that any level II text has the intention to interpret the level I in such a way that it becomes a practical and viable (and capable of being supervised and enforceable) piece of regulation and not adding a layer of rules and responsibilities.

Name of Company	**Q18: What are the relevant criteria to identify non-complex insurance-based investment product (as referred to in Article 30(3)(a)(ii), IDD)? Which insurance-based investment products would you consider as non-complex?**
Create Solutions Ltd	Can't comment on investment products - out of my area of knowledge

ANASF	For all insurance-based investment products the assessment of suitability or appropriateness is of paramount importance. These products encompass capital redemption operations, unit-linked products (i.e. products whose main benefits are directly linked to the value of units of a collective investment undertakings or to the value of the assets in an internal fund) and index-linked products (i.e. products whose main benefits are directly linked to an index or other benchmarks).
Association of International Life Offices	We believe that any policy which is not linked to a non-retail structured deposit should be classified as non-complex.
European Federation of Financial Advisers and Financial Intermediaries (FECIF)	In general, FECIF feels that the definition of non-complexity of investment-based insurance products should be closely related to the similar definition already effective under MiFID. The underlying instrument should be classified in the same way, defining the (non) complexity of the whole product.
Bund der Versicherten	First we would like to stress that from our perspective there are no non-complex insurance based investment products. Any kind of life or annuity insurances are a “packaged” product, because they include an investment part of the premium (either in an unit-linked product or in a classical with-profit product) additionally to the risk coverage. Even if the complexity of the product itself cannot be reduced, efforts must be made in order to enhance the transparency of the product. Transparency is essential and necessary for the customer in order to enable a fully informed investment decision. More transparency can only be achieved by the mandatory disclosures of actual risk-reward relations, of realistic return probabilities and of comprehensive cost structures as foreseen by the forthcoming PRIIPs Key Information Documents. Only related to classical capital life-insurance contracts, where the customer cannot choose the investment strategy and therefore the insurers guarantees an interest rate on the investment part of the premium, the individual knowledge and experience of the customer related to investment strategies is not directly relevant. Instead of this, the comprehensive disclosure of costs which strongly reduce the investment part of the premium is all the more necessary. As already pointed out in Q16, in these cases the most important risk of consumer detriment consist in cancelling the contract before reaching maturity: no capital guarantees are valid, and additional high penality fees heavily reduce the accumulated savings of the customer being paid out.

ABI	The ABI is aware that ESMA published its final guidelines on complex debt instruments and within those guidelines it indicated that PRIIPs products will be classed as complex. The ABI disagrees with such a blanket classification. As an example, a guaranteed investment bond which is a straightforward product that has a guaranteed amount, should not be classified as a complex product. Some consideration should be given as whether it would be appropriate to align complexity with the PRIIPs regulation, the requirement of the comprehension alert and also whether complexity is linked to risk. We believe there is a risk that the consumer will interpret increased complexity with increased risk, despite the fact that the two are not automatically correlated.
BVI	Article 30 (3) (a) (ii) IDD in itself creates a link to the approach to non-complex products under MiFID II. According to our understanding, insurance contracts providing exposure to non-complex financial instruments in the sense of MiFID II shall be deemed non-complex, provided that the insurance wrapper does not incorporate a structure which impedes the comprehensibility of the overall product risk. In contrast, the structure of the financial instrument declared as non-complex under Article 25 (4) (a) of MiFID II should not be put under a renewed scrutiny under IDD. On this basis, we would expect unit-linked insurance contracts which offer investment opportunities in UCITS or non-complex AIFs to be generally treated as non-complex products for the purpose of Article 30 (3) (a) (ii) IDD.
Gesamtverband der Deutschen Versicherungswirtschaft (German Insurance Association)	Complex products in the sense of MIFID II include risks and disadvantages that affect consumers and may not be apparent or easy to understand for them. Examples for such products are investments in derivatives, contracts of difference, structured notes or asset backed securities. Complexity of products in this regard means a high degree of opacity of the connection between the consumer's investment and the possible risks and returns and even elements of gambling. This involves investment strategies with complex derivative instruments, non-transparent exposure to several market risks and / or credit risks. These criteria do not apply to the vast majority of insurance-based investment products. When purchasing such a product, consumers conclude a contract with the insurance undertaking that fixes the relationship between the premium that is paid in and the insurance benefits paid out under specified conditions. Credit risk and leverage risk for consumers, which are inherent to complex products under MiFID II, are not relevant for insurance-based investment products. In their core business, insurers use professional actuarial methods to determine their obligations and many

	financial instruments to finance them. Insurance-based investment products primarily reduce consumer's risk exposure, for example by providing certain guarantees which offer a greater level of protection to consumers, cushioning them from the volatility of the market. The exact actuarial construction of these mechanisms and their funding follows – in accordance with Solvency II – a very strict prudential regime. This ensures that the contractual obligations can be fulfilled at all times. From the consumers' perspective, complexity should not relate to internal mechanisms used by insurers to fulfil those obligations. Instead, a categorisation of complex products should relate to the effective risk exposure / payoff of consumers through the product. E. g. guarantees may be difficult to construct but are easy to understand and reduce risks. Thus, a key feature of insurance-based investment products is – by design – clarity about the relationship between premiums and benefits and exclusion of particular types of risks. This is the opposite of complex products.
OP Cooperative	MiFID II requirements are sufficient to insurance-based investments. If the investment product is non-complex, the investment-based insurance should be non-complex as well.
EFAMA	Using the MIFID II concepts of complex and non-complex products would ensure consistency and a proper investor protection. As a consequence, insurance based, unit-linked products where the underlying are UCITS or non-complex AIF, as determined under MiFID, should be considered non-complex.
OPTEVEN ASSURANCES	Not applicable
ANIA (Italian Insurers Association)	The directive MiFID 2 seems to afford to the Commission and ESMA the task of establishing which products are "not complex". Could be considered "non complex" the products different from: unit-linked and capitalizations with pay-off connected to an index not ESMA-compliant; unit-linked and capitalizations connected to "alternative investment funds"; unit-linked and capitalizations connected with investment funds with a leverage upper than 1; unit-linked and capitalizations similar to UCITS funds (article 36 of the UE Regulation n. 583/2010).
ANACOFI	Our organization has been involved with the national work about complex products. We consider that two categories of products exist: non-complex products and complex products. Nowadays, we haven't defined criteria of another type of products. If something in the future may appear as not so easy to understand, it might be consider as complex.

EIOPA IRSG	Complexity should not be judged based on the (internal) construction of the product but on the effective exposure of the customer. For example, IBIP's with an unconditional underlying (apart from early encashment in whole or in part) guarantee to the capital that has been invested for the duration of the contract should be considered non-complex, even if the instruments or investment strategies used to produce such guarantees are non-trivial.
IFDS	As stated in response to question 17, IFDS believe the definition of complex/non-complex products under MiFID II should be applied to IDD to ensure consistency and fairness in the treatment and protection of customers. As a starting point however, we would expect products with essentially linear terms and conditions to be recognised as non-complex. Where the product behaviours are straight-forward the product should be non-complex (for example, when event x happens we will deliver you outcome y). Where the investor has the ability to incur substantial / entire loss of their investment for no/little return the product is likely to be complex. Where the charges applied to the investor have the potential to become substantial or multi-layered based on conditions outside the control of the manufacturing firm, we consider it likely that the product may need to be treated as complex.
Allianz SE	Complexity should not attach of the construction or the mechanics of the product but to the effective exposure and payoff of the product for the customer. For example, guarantees may be difficult to construct but are easy to understand, therefore should not be considered complex per se. In other words, complexity should mostly be viewed from the perspective of comprehensibility of relevant product features for the customer.
Actuarial Association of Europe	No comment.
Assuralia	In the Belgian market criteria have been introduced which do not assess non-complex products, but determine which structured products for the retail market are to be considered as particularly complex. These criteria are based on the same principles that are mentioned in Recital 18 of the PRIIPs Regulation and can be resumed as follows: - the underlying of the derivative component is not sufficiently accessible, because the relevant market data or the specific characteristics of the (combination of) underlyings cannot be observed by means of the customary channels (internet, printed press). A customized selection of individual shares or a

	customized index can be considered accessible where a number of cumulative condi-tions are being met; - the derivative component's strategy is considered overly complex on account of the difficulty in determining the value offered by the product (such as where a teaser is being used for the distri-bution of the product, the investor may incur capital loss without being able to participate to at least the same degree in the increase of the underlying, a minimal change in de performance of the underlying can have a disproportionate impact on the payment of a return); - the calculation formula for the return is overly complex, i.e. when the formula comprises more than three mechanisms (with the exception both of mechanisms that provide for a minimum return or that limit the volatility of the underlying, such as a floor or a "cliquet", …); - there is insufficient transparency regarding the costs, credit risk and market value. Belgian legislation also determines that certain financial products are not suitable to be sold to retail investors, such as life settlements, or products that invest in so-called 'unconventional assets' that are not correlated with the traditional financial market and are speculative and complex in their nature. Assuralia considers however that these criteria can be useful for the identification of non-complex products as required under the IDD. Products that are not captured by the criteria above should be deemed as non-complex. Furthermore, we call upon EIOPA to take a consistent approach in the IDD and PRIIPs Regulation.
BIPAR	BIPAR believes that "complexity" is a relative term. Complexity may depend on the circumstances and may make that a specific product is complex for a specific customer/investor. IBIPs with an unconditional underlying (apart from early encashment – in whole or partly) guarantee to the capital that has been invested for the term of the contract could be seen as non-complex. IBIPs with capital guarantees from the manufacturer could be considered less complex than IBIPs without a capital guarantee or a capital guarantee from a third party. Basic with-profits policies could be seen as non-complex. Annuities where the investment has been placed in the 'default' or 'passive' fund (where the investment profile alters as the investor ages, to go from higher-risk-higher-

	return funds at the outset towards low-risk-cash-type investments as the investor approaches retirement) could be considered non-complex. Products that would not be identified as non-complex according to the criteria, should not automatically be categorised as “complex”.

Name of Company	Q19: Apart from the insurance contract (Article 30(3), IDD), the suitability statement (Article 30(4), IDD) and the periodic reports (Article 30(4), IDD), what information should the distributor be required to record?
Create Solutions Ltd	No comment on this
ANASF	We believe that the aforementioned documentation is sufficient to ensure proper information and customer protection.
Association of International Life Offices	No comment.
European Federation of Financial Advisers and Financial Intermediaries (FECIF)	N/A
Bund der Versicherten	The additional information the distributor should be required to record is linked to IDD article 27 (prevention of conflicts of interests), article 28 (conflicts of interest) and article 29 (information to customers): • which organizational and administrative arrangements have been implemented in order to identify, to prevent and to manage conflicts of interest; • if advice had been given on basis of a fair and personal analysis (difference between a “suitable” and a “best” advice and the possible consequences for the analysis of his individual financial conditions); • if the customer got the information that he may request an itemized breakdown of the costs and charges (“soft” disclosure of all costs and charges, including any commissions or other inducements by third parties). For the information to be given in the record after contract conclusion, cf. our comment to Q 20.
BVI	The phrasing of Article 30 (3) IDD is congruent with Article 25 (5) MiFID II. Therefore, we recommend that EIOPA refers to the standards already agreed upon in terms of MiFID II implementation as a basis for its work on delegated acts under IDD. Alignment between implementing standards applicable under IDD and MiFID is essential in order to

	ensure effective investor protection and to achieve a level playing field in the distribution of investment products. Hence, we also urge EIOPA to work closely with ESMA on any potential Level 3 guidance in this area.
Gesamtverband der Deutschen Versicherungswirtschaft (German Insurance Association)	Regarding the obligation in Article 30 (4) IDD to establish a record including the contractual documents, we are of the opinion that the recording requirement should focus on the documents which are relevant to establish the mutual rights and obligations of the parties to the contract as stipulated in Article 30 (4) IDD.
OP Cooperative	N/A.
EFAMA	In order to achieve the fundamental and overarching policy intent of the overall PRIIPs initiative, it is essential to ensure alignment between Level 2 measures under IDD and MiFID. We therefore urge EIOPA to refer to the relevant provisions in the MiFID II Level 2 Regulation and Directive. We also urge EIOPA to work closely with ESMA on any Level 3 guidance in this area.
AFA Association française de l'assurance (FFSA - GEMA)	We do not see a requirement for any other information to be recorded in IDD. It should be up to the distributor to define other information he thinks appropriate to record in compliance with data protection rules.
OPTEVEN ASSURANCES	-Subscriptions, cancellations, -Customer complaints
ANIA (Italian Insurers Association)	In our opinion, no other information is required to be recorded by the distributor.
ANACOFI	The distributor must record any reporting on the situation or information about what were recommended advices and recommendations.
EIOPA IRSG	It is important, that the customer receives relevant information, which may depend on the product and/or the situation. In addition, unnecessary or confusing disclosure of very similar information should be avoided (e.g. by overlapping application of EU and national reporting requirements). Also, the update of pre-contractual information (such as the PRIIPs KID) should not be necessary.
IFDS	IFDS are not a distributor so are not in a position to comment on these requirements.

Allianz SE	The disclosure should focus on relevance of information, which depends on the product or the situation. In particular, double or triple disclosure of similar information should be avoided (e.g. EU and national reporting requirements), which may not only lead to unnecessary duplication of effort and disclosure but may even confuse customers (e.g. if slightly different definitions for cost disclosure are used). In addition, there should be no updating requirement for pre-contractual information (e.g. PRIIPs KID) as part of ongoing reporting requirements which are no longer on offer to retail customers.
Actuarial Association of Europe	- The level and incidence of benefits received by the distributor; - Realistic projection of proceeds which may be realised together with clear statement of potential variability and risks involved; - Arrangements for, rules relating to and penalties associated with access by the customer to their investment; and - Status of the distributor, e.g. the relationship between the manufacturer and the distributor, i.e. whether the distributor is acting on behalf of the manufacturer or the customer.
BIPAR	We wish to recall that intermediaries are mainly micro to small entrepreneurs and that reporting requirements have to be proportionate. The proportionality also has to apply with regard to the type of product (as reflected in art 30.6.b). All these reporting and record-keeping requirements have to be seen in the context of in how far the product is already documented. It is important that the customer receives relevant information (which may depend on the type of product / situation). One should avoid the duplication of information/ provision of unnecessary information as this leads to confusion of the customer and legal uncertainty.

Name of Company	**Q20: What is the relevant information which should be included in the insurance contract (Article 30(3), IDD), the suitability statement (Article 30(4), IDD) and the periodic reports (Article 30(4), IDD)?**
Create Solutions Ltd	No comment on this

ANASF	To ensure harmonization across financial and insurance distribution, suitability reports should include an outline of the advice given and how the recommendation provided is suitable for the client, including how it meets the client's objectives and personal circumstances with reference to the investment term required, client's knowledge and experience and client's attitude to risk and capacity for loss (ESMA's TA, par. 2.17.2).
Association of International Life Offices	The references to the Articles are somewhat unclear. The relevant information for the insurance general terms and conditions will be a matter of local governing (contract) law. The record of the insurer would include these terms and conditions, the application form, insurance schedule and any other documentation required by local mandatory rules (financial information sheet). The record of the distributor would include the suitability statement (including a short summary of risk profile and investment objectives and reasons why the product was recommended), the know your client document and any terms of business with the customer. Periodic reports: The insurer would provide an annual valuation report in line with Solvency II and the distributor, if applicable would provide the ongoing assessment of suitability or other contracted services.
European Federation of Financial Advisers and Financial Intermediaries (FECIF)	FECIF feels that ensuring compatibility with other distribution regulations (MiFID), while taking into consideration the specifics of the insurance market, is crucial. With regards to insurance contracts, FECIF warns that too much, overwhelming information seriously erodes the effectiveness of the important details, as is potentially the case with the current PRIIPs proposal. Re the suitability statement, harmonisation with MiFID rules seems appropriate.

Bund der Versicherten	The insurance contract must include the complete terms and conditions of the contract itself. It must be completed by the Key Information Document (cf. IDD article 20 paragraph 8 for non-life contracts). Following to the German law (provision on information duties of insurance contracts: VVG-InfoV – Verordnung über Informationspflichten bei Versicherungsverträgen, article 2) life insurance contracts must include these information: • Amount of calculated costs included in the premium; • Total amount of entry cost (in absolute figures); • Ongoing administrative and other costs as percentage of annual premium; • With profit mechanism; • Probable development of surrender values (in absolute figures); • Promised capital guarantees and related interest rates; • Conditions for exemption from or at least reduction of payment of premiums (in absolute figures); • Possible choice of funds (in case of unit-linked contracts); • Relevant tax provisions; • Insured loss and risk coverage. We recommend these concise parameters for the future RTS of IDD. Of course all these parameters and their developments should mandatorily be part the periodic reports by the insurer. For the suitability statement we refer to our comment on Q16 and to the German Securities Trading Act (Wertpapierhandelsgesetz, article 31, mainly paragraph 4), in which the analysis of the risk tolerance and of the ability to bear losses by the retail investor is fixed.
ABI	The insurance contract should include the terms and conditions of the contract and all contractual and pre-contractual documents such as the PRIIP's KID and also the Key Features Illustration (KFI). In regards to the suitability statement, the ABI would support consistency with MiFID. Therefore the firm must obtain the necessary information in three specified areas to enable the firm to make the recommendation, or take the decision, that is suitable for the client. These include; • Knowledge and experience in the investment field relevant to the specific type of designated investment or service. • Financial situation/the ability to bear loss. • Investment objectives. As for the periodic reports, the ABI would also support consistency with MiFID and allow firms to have some flexibility over the type of document that they produce and the content of that document, provided they deliver the desired outcome. For example, some firms incorporate the suitability report information within a comprehensive financial plan drawn up for the client. However, if firms choose to do this, the part of the plan that serves the purpose of a suitability report should be prominent and firms should pay attention to the way it is laid out and take care to draw their clients' attention to the most significant parts of it, including any product recommendations and associated risks.

BVI	Once again, one has to acknowledge that the phrasing of Article 30 (4) and (5) IDD which are relevant here is congruent with Article 25 (6) MiFID II. Therefore, we recommend that EIOPA refers to the standards already agreed upon in terms of MiFID II implementation as a basis for its work on delegated acts under IDD. This pertains in particular to the specific requirements for information to be included in the suitability statement to customers. Since the suitability statement shall reflect the outcome of suitability testing for which common standards are in place under MiFID II and IDD, we deem it crucial that the suitability statement is built upon those commonalities and thus follows the same rules for financial and insurance distribution channels. Consequently, we also urge EIOPA to work closely with ESMA on any potential Level 3 guidance in this area.
Gesamtverband der Deutschen Versicherungswirtschaft (German Insurance Association)	Due to the differentiated nature of the products on the market, regulation should not be overly prescriptive at the European level. Details should be left to the national transposition of the IDD as far as possible in order to allow for an alignment with the characteristics of the respective markets. We would furthermore like to draw attention to the extensive information obligations arising from existing legal instruments such as the Solvency II-Directive, the PRIIP-Regulation or the Directive on Distance Marketing of Consumer Financial Services. These requirements range from pre-contractual information to periodic reporting during the term of the contract. Double disclosure of similar information which could lead to confusion on the part of the customer should be avoided. With this in mind, • the insurance contract should contain the legal conditions of the agreement (with references to other documents being allowed), • the suitability statement should document the advice given and, for this purpose, explain how the recommended product meets the characteristics of the customer which are relevant for the suitability assessment according to Article 30 (1) IDD, and • the periodic reports should contain information on aspects of the insurance contract which have changed during the reporting period. We point to the information obligations stipulated in Art. 185 (5) Solvency II according to which the insurance undertaking is already required inter alia to inform the policy holder annually in writing of the status of the claims of the policy holder, incorporating the profit participation. Updates regarding the suitability should only be included, if such an update has been agreed on with the customer in the first place (Art. 30 (5) IDD).
OP Cooperative	N/A.

EFAMA	One has to take into consideration that the wording of IDD's Article 30(4) and (5) which are consistent with Article 25(6) MiFID II. Therefore, we recommend that EIOPA refers to the standards already agreed upon in terms of MiFID II implementation as a basis for its work on delegated acts under IDD. This pertains in particular to the specific requirements for information to be included in the suitability statement to customers. Since the suitability statement shall reflect the outcome of suitability testing for which common standards are in place under MiFID II and IDD, we deem it crucial that it is built upon those commonalities and thus follows the same rules for financial and insurance distribution channels. Consequently, we also urge EIOPA to work closely with ESMA on any Level 3 guidance in this area.
AFA Association française de l'assurance (FFSA - GEMA)	We are not sure what EIOPA means by saying insurance contract but IDD does not contain an empowerment for this. In any case, the insurance contract is regulated by the national legislation which determines the information to be included in it. It is not upon a distribution directive to define the insurance contract's elements. As to suitability statement and records, it could contain the customer's needs and demands, questions asked, responses provided by the customer, and results obtained of the assessment concluding to a specific product. But also it must include warnings to the customer to give all necessary and sufficient information to enable the insurance distributor to do a suitability assessment. The customer must be aware and fully understand that the insurance distributor relies on information provided by him.
OPTEVEN ASSURANCES	It is not always relevant to provide period reports to the end customer if nothing has happened. In case of claims, a summary may be sent.
ANIA (Italian Insurers Association)	The insurance contract, the suitability statement and the periodic reports are regulated by the sector's national legislation, by the Supervisor's regulations and also by guidelines issued by the national Association, which determines within its scope the information which should necessarily be included in it.
ANACOFI	We consider that all relevant information is in the insurance contract. We are not in favour of any new and burdensome document we might provide to the client.
EIOPA IRSG	The insurance contract should contain the legal conditions of the contract between customer and insurance undertaking. The suitability statement should document aspects of advice and recommendation (both regarding input and result), The

	periodic reports should contain relevant changes in information for the customer (based on the scope agreed between customer and insurer/intermediary).
IFDS	IFDS are an administration company who work on behalf of our clients, therefore we are not in a position comment on this.
Allianz SE	Generally, the insurance contract should contain the legal conditions of the contract itself, the suitability statement should document the fit and the advisory process of assessing this fit, the periodic updates should contain the relevant information regarding those aspects which have changed over time. It should only contain updates regarding the suitability, if such updates have been agreed upon with the customer in the first place (Art. 30 (5) IDD). More specific details should be left to national transposition, to address the differentiated nature of the products.
Actuarial Association of Europe	No comment in relation to specific information. Information provided should be concise, relevant and written in plain language.
Assuralia	Assuralia does not consider it appropriate for EIOPA to interfere in the information requirements for the insurance contract. National law already lays out the required information to be included in the insurance contract. Furthermore, the IDD does not ask for any clarifications with regard to the content of insurance contracts. The suitability statement should specify the advice that was given to the customer, including the outcome of the suitability assessment. As required in the IDD, this statement should specify how the advice given meets the preferences, objectives and other characteristics of the customer. Assuralia calls upon EIOPA to ensure coherence with the information requirements laid out in article 185 of Solvency II.

BIPAR	With regard to the suitability statement this could be: • The type of advice (fair analysis, …) • Questions about knowledge/experience • Risk versus return, investment period and investment objectives. With regard to periodic reports this could be: • Insurance distributor: only an overview of the insurance contracts for the customer. • Insurance company: an overview of the evolution of the invested money in the insurance contract.

Name of Company	**Q21: At what frequency should periodic reports (Article 30(4), IDD) be provided to the customers and what information at a minimum should be contained in the reports?**
Create Solutions Ltd	No comment on this
ANASF	For the sake of consistent harmonization across financial and insurance distribution, periodic reports should be provided to customers at the same frequency pursuant to MiFID framework (cf. directive 2006/73/EC, Articles 40 to 43, as possibly amended by delegated acts to be adopted pursuant to MiFID II). Information requirements with respect to periodic reports should be drawn on directive 2006/73/EC, Article 41 (as possibly amended by delegated acts to be adopted pursuant to MiFID II), with proper adaptations as required by the specific aspects pertaining to insurance coverage.
Association of International Life Offices	The general report should be provided on an annual basis; the periodic suitability report should be provided at the regularity set out in the contract between customer and distributor. It would be recommended that this occur at not less than 3 year periods.
European Federation of Financial Advisers and Financial Intermediaries (FECIF)	An annual frequency seems reasonable; with regards to the content, FECIF feels periodic reports should be similar to those produced for investments (i.e. under MiFID) – particularly when concerning unit-linked products, for which this obligation should be most related.

Bund der Versicherten	Following to the German law (provision of mandatory information on insurance contracts: VVG-InfoV – Verordnung über Informationspflichten bei Versicherungsverträgen, article 6, paragraph 1, subparagraph 3) life insurers usually have to provide information during the duration of the contract once in a year. The minimum information to be provided are the ongoing developments of surrender and maturity values and any changes of the other relevant parameters pointed out in Q20. Related to non-life contracts we refer to IDD article 20 paragraph 8 (information contained in the future product information document): at a minimum any change of terms and conditions mentioned under this article should be contained.
ABI	This should be retained on an annual basis.
BVI	MiFID II specifies the requirements for periodic reports to be provided to investors. Hence, we recommend that EIOPA refers to the standards already agreed upon in terms of MiFID II implementation as a basis for its work on delegated acts under IDD. Alignment between implementing standards applicable under IDD and MiFID is essential in order to ensure effective investor protection and to achieve a level playing field in the distribution of investment products. Therefore, we also urge EIOPA to work closely with ESMA on any potential Level 3 guidance in this area.
Gesamtverband der Deutschen Versicherungswirtschaft (German Insurance Association)	We assume that the question refers to the periodic reports as of Article 30 (5) IDD. Typically, the purpose of insurance-based investment products is long term saving. Therefore, the products usually do not require frequent interventions by the customer. Annual reports are therefore sufficient. Products are, however, different from one member state to the other. In order to adapt the frequency of the periodic reports to the characteristics of the respective market details should be left to the national legislators. With regard to the content of the periodic reports, please see our answer to Question 20.
OP Cooperative	Annual reporting would be sufficient.
EFAMA	In order to achieve the fundamental and overarching policy intent of the overall PRIIPs initiative, it is essential to ensure alignment between Level 2 measures under IDD and MiFID. We therefore urge EIOPA to refer to the relevant provisions in the MiFID II Level 2 Regulation and Directive. We also urge EIOPA to work closely with ESMA on any Level 3 guidance in this area.
OPTEVEN ASSURANCES	Once a year and details of their claims.

ANIA (Italian Insurers Association)	Paragraph 5 of art. 30 (IDD) establishes that reports should be periodic and based on the type of investment product, and on the nature of the service provided. It is clearly very difficult to imagine same timelines for different case laws. In case of unit -linked contracts we could suggest an annual statement of account of client's insurance position. Such statement should contain, at least: a) the total amount of premiums paid from the execution of the contract until 31 December of the preceding year, the number and equivalent value of the units as at 31 December of the preceding year; b) details of premiums paid in, those invested , the number and value of the units assigned in the reference year; c) number and value of the units transferred and of those assigned following switch operations; d) number of the units that may have been cancelled during the reference year for the premium relating to pure risk coverage and for the guarantee of conservation of capital and/or of return; e) number and counter value of the units reimbursed as a result of a partial surrender in the reference year; f) number of the units cancelled for management commissions in the reference year (only for contracts directly linked to UCITS); g) overall number of the units and their value at the end of the reference year; h) value of the guaranteed benefit (only for contracts with financial guarantees).
ANACOFI	Periodic reports should be provided each time the contract may be modified (new deposit/premium, withdraws, Units removing or change, new beneficiary).
EIOPA IRSG	Typically, annually, but may differ based on product. The details should be mostly left to national transposition to reflect product specifics.
IFDS	IFDS believes the frequency of periodic reports should be proportionate to the type of product but that as a minimum these should be provided on an annual basis. A client could request these to be sent more frequently depending on the cost of this.
Allianz SE	Typically annually, a higher frequency is only warranted for certain product types, which may differ very much by country and therefore should mostly be left to national transposition (also to avoid any mismatch or unnecessary duplication, which may even confuse customers).

Actuarial Association of Europe	Information should be provided at least yearly for long term contracts. Information provided should be such that the customer can evaluate the performance of the contract and service received against their expectations. It should also give insight to current prospects and risks, including any material changes in risk profile since the last such information. Manufacturers and distributors should be required to ensure that information provided to customers is relevant and meaningful. The provision of excessive information is likely to be counterproductive.
Assuralia	Assuralia calls upon EIOPA to ensure coherence with the information requirements laid out in article 185 of Solvency II.
BIPAR	The regularity of the reporting should depend on what service has been agreed with the customer, which in turn will depend on what the customer is willing to pay. In any case and depending on the IBIP, it should be once a year. Further details should be left to the national level. Giving the customer a personal access to the extranet where the information is at his/her disposal should be sufficient to comply with reporting obligations. In general, for IBIPS, compared to pure investment products, we believe there is less need for intensive reporting (due to e.g. less volatility).