



Effective supervision of product oversight and governance crucial for driving good outcomes for consumers

EIOPA's approach to the supervision of product oversight and governance

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Today, the European Insurance and Occupational Pensions Authority (EIOPA) outlined its approach to the supervision of product oversight and governance (POG) requirements. This should support insurance manufacturers and distributors when implementing their own POG policies as well as to facilitate their engagement with national supervisors.

The key objective of the supervision of POG is to ensure consumer-centric approaches are implemented in practice. This covers product approval, distribution, as well as monitoring and review processes.

Insurance manufacturers and distributors should take into account their business model, product complexity, and characteristics of the target market in their policies and processes. Supervisors will focus on how insurers and distributors ensure customer-centric business product design, approval and distribution process with adequate systems and controls in place by:

- Establishing whether target markets for each product are adequately defined;
- Assessing whether product testing sufficiently assesses the fairness and the value of each product;
- Determining whether distribution strategies are adequate.

EIOPA's approach to POG supervision is based on the Insurance Distribution Directive (IDD) requirements. By setting out expectations on supervision, EIOPA aims to provide clarity for insurance manufacturers and distributors on what to expect from the supervisory approach to POG requirements.

This is essential to ensure that the interests of customers take prime importance during product design and throughout the lifecycle of a product, including during distribution.

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