



# EIOPA consults on its proposals on Retail Investor Protection

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The European Insurance and Occupational Pensions Authority (EIOPA) has launched today a [public consultation](#) on retail investor protection in relation to the sale of Insurance-Based Investment Products (IBIPs). The consultation is a response to a [Call for advice](#), which the European Commission sent to EIOPA in July 2021. The Call for advice relates to the implementation of the European Commission's Capital Markets Union Action Plan and, more specifically, its Retail Investment Strategy, which aims to improve consumer outcomes and increase consumer participation in capital markets.

EIOPA presents its proposals in five different areas in the consultation paper:

1) Enhancing consumer engagement with disclosures, including digital disclosures

- EIOPA has put forward proposals to address duplications, as well as gaps, in consumer disclosures between different pieces of EU legislation. EIOPA generally sees the need for a shift

towards more consumer-focused disclosures. Disclosures should build on insights from behavioural science to promote sensible decision-making, be simpler and present information in a more structured, accessible and interactive way.

## 2) Assessing the risks and opportunities presented by new digital tools & channels

- EIOPA sees scope for the development of an EU market for digital tools and platforms selling IBIPs, but also identifies risks related to a number of aspects such as information asymmetry for consumers and misuse of client data.

## 3) Tackling damaging conflicts of interest in the sales process

- EIOPA sees the need to address the risk of inducements materially impacting the cost-efficiency and value for money of IBIPs and believes that these aspects should be addressed throughout the product lifecycle and not just at the point of sale. EIOPA has set out the positive and negative aspects of a number of different policy options to obtain feedback from stakeholders.

## 4) Promotion of an affordable and efficient sales process

- EIOPA proposes further supervisory convergence work to be carried out to ensure that existing assessments under the advice process are applied properly and proportionally across national markets. Whilst creating a bespoke “streamlined advice” regime at EU level presents challenges, EIOPA sees scope for more automated services to develop further in the future which can help to make the provision of advice more affordable and accessible.

## 5) Assessing the impact of complexity in the retail investment product market

- EIOPA considers the current framework for the identification of complex IBIPs as not sufficiently coherent and supports a clearer notion of the objectives when considering product complexity and cost-efficiency. EIOPA explores three different options for measures which could lead to simpler and more cost-efficient IBIPs.

The consultation paper has drawn upon the supervisory experience of national competent authorities and includes specific national examples set out in an Annexes document. EIOPA has worked closely with ESMA in developing the draft technical advice, particularly as regards identifying differences that exist between the Insurance Distribution Directive (IDD) and the Markets in Financial Instruments Directive (MiFID II). EIOPA has also given due consideration to ESMA’s ongoing work on its Call for Advice on MiFID II and the ESAs' work on the [PRIIPs Review](#) and the [Digital Finance Strategy](#).

Stakeholders are invited to provide feedback to this consultation paper by responding to the questions via the online survey by 25 February 2022. The

shortertened consultation period of 4 weeks is warranted by the need to deliver the final advice to the European Commission by 30 April 2022. Further to this consultation, EIOPA will also hold a [public hearing](#) with stakeholders on 18 February 2022 which is open to registration until 11 February.

[GO TO THE SURVEY](#)

## Background

“Insurance-Based Investment Products” (IBIPs) are insurance products that offer a maturity or surrender value and where that maturity or surrender value is wholly or partially exposed to market fluctuations, directly or indirectly. Typical examples of IBIPs are unit-linked life insurance, with-profits life insurance and traditional life insurance products.

“Inducements” are monetary benefits, such as commissions or fees, or non-monetary benefits such as provision of hospitality services, which are paid or received in connection with the distribution of an insurance product, to or by any party except the customer or a person acting on behalf of that customer.

“Streamlined advice” typically means advisory services that provide a personal recommendation that is limited to one or more of a customer’s specific needs. The service does not involve analysis of the customer’s circumstances that are not directly relevant to those needs.