The Commission's request for advice

EIOPA Public Hearing on the Insurance Distribution Directive (IDD)
Frankfurt/Main, 23 September 2016

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Directive (EU) 2016/97 on insurance distribution

Date of adoption: 20 January 2016

Transposition date: 23 February 2018
4 empowerments for delegated acts

Product Oversight and Governance (POG): Article 25(2)

Conflicts of interest: Articles 27, 28(4)

Inducements: Article 29(2)

Assessment of suitability and appropriateness, reporting: Article 30(5)
Timetable

12-02-2016: Commission request for technical advice

01-02-2017: Technical advice to be delivered by EIOPA

Spring 2017: Adoption of delegated act by Commission

Summer 2017: Scrutiny by EP and Council

Autumn 2017: Entry into force of delegated act
Technical requirements

Mandate for technical advice for a delegated act under Article 290 TFEU

Build on the results of previous work by EIOPA and ESMA to ensure consistency

Ensure consistency with **delegated acts adopted under MiFID II**

Identify range of technical options and do qualitative and, where possible, quantitative assessment
Political expectations

Added value: increase legal certainty for national authorities and market participants on how to apply crucial provisions of the Directive

Timely delivery: allow sufficient time to prepare for the entry into force of the Directive

Consistency: ensure regulatory consistency with existing regimes – in particular MiFID II – and avoid regulatory arbitrage
Conflicts of interest

Art 28(4):
definition of steps to take to identify, prevent and disclose conflicts of interest
determining types of conflicts of interest that may damage interests of customers
Conflicts of interest: Mandate

Steps to take within an effective organisational and administrative arrangement to identify, prevent, manage and disclose conflicts of interest

Circumstances and situations to take into account when determining types of conflict of interest damaging the interests of customers

Requirements for periodical review of conflicts of interest policies

Last resort nature of disclosure
POG: Product oversight and governance

Art 25(2):

further specify the principles set out in Art 25(1)
POG: Mandate

Manufacturers: identify responsibilities, including ongoing obligations throughout the life cycle
Non-manufacturing distributors: arrangements for selecting products and obtaining information from the manufacturer
Obligations of regular review
Level of granularity of target market
Criteria for acting as manufacturer, incl. examples
Inducements

Art 29(2):
Criteria for assessing whether inducements have a detrimental impact on the quality of the service
Criteria for assessing compliance with obligation to act honestly, fairly and professionally
Inducements: Mandate

Specify the methodology to be applied in determining a possible detrimental impact: guidance on the approach to be followed

Clarify the factual and legal elements to be taken into consideration

Examples of circumstances

Consistency with delegated acts under MiFID II, taking into account the differences
Assessment of suitability and appropriateness

Art 30(6):
Information to be obtained in the assessment
Criteria to assess non-complex insurance-based investment products
Content and format of records and agreements
Suitability and appropriateness test: Mandate

Information to be obtained, with a distinction of the different situations (suitability/appropriateness only/execution only)

Criteria to assess non-complex products

Content and format of records

Consistency with delegated acts under MiFID II
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