

Comments Template on EIOPA-CP 13/016 Consultation Paper on a Draft Report on Good Supervisory Practices regarding knowledge and ability requirements for distributors of insurance products		Deadline 23 September 2013 12:00 CET
Company name:	FARAD International S.A.	
Disclosure of comments:	EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential. <i>Please indicate if your comments on this CP should be treated as confidential, by deleting the word Public in the column to the right and by inserting the word Confidential.</i>	Public
<p>Please follow the instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ <u>Do not change the numbering in column "Reference", or any other formatting in the file.</u> ⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph, keep the row <u>empty</u>. Please do not delete rows in the table. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific paragraph numbers below. <ul style="list-style-type: none"> ○ If your comment refers to multiple paragraphs, please insert your comment at the first relevant paragraph and mention in your comment to which other paragraphs this also applies. ○ If your comment refers to sub-bullets/sub-paragraphs, please indicate this in the comment relating to the corresponding paragraph. <p>Please send the completed template to CP-13-016@eiopa.europa.eu, in MS Word Format, (our IT tool does not allow processing of any other formats).</p> <p>For your convenience, the complete list of questions is outlined below:</p> <ol style="list-style-type: none"> 1. <i>Does this Report address the most relevant issues? If not, what other aspects should EIOPA consider?</i> 2. <i>Is this Report helpful in informing the debate over appropriate knowledge and ability requirements for distributors of insurance products (particularly, in the light of the current</i> 		

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<p><i>negotiation of the IMD2 proposal)?</i></p> <p>3. <i>Do you consider that the high-level principles cover the right aspects of knowledge and ability?</i></p> <p>4. <i>Does the section on continuous professional development (CPD) cover the most relevant issues?</i></p> <p>5. <i>What do you think of EIOPA's suggestion, as an example of a minimum level of CPD, of 30 hours study activities within a period of 3 years (or an equivalent amount on an annual basis)?</i></p>		
Reference	Comment	
General Comment		
Q1.		
Q2.		
Q3.	<p>The knowledge and the ability required must be adapted to the type of insurance products distributed. This point is also highlighted in the IAIS' Insurance Core Principles, Standards, Guidance and Assessment Methodology: <i>'The supervisor may also wish to ensure that individuals responsible for Insurance intermediation activities have professional qualifications and experience appropriate for the business which they intermediate. More complex products or Customer needs will require higher or more specialised qualification and experience. The qualifications and experience of individuals should also be appropriate for the type of intermediation being carried out, whether as agent for a specific insurer or acting as a broker primarily on behalf of the Customer'(18.3.3).</i></p> <p>The IMD 2 clearly defines the difference between distribution of 'insurance investment products' to which is dedicated the whole chapter VII, and the other type of products. Also the IMD 1 concerning the requirements relating to knowledge and ability of the intermediaries allows the Member States to adjust the required conditions' <i>in line with the activity of insurance or reinsurance mediation and the products distributed'(art.4 par.1).</i> The art. 8 par 1 of the Proposal of IMD 2 extends the existing obligation beyond one of just possessing appropriate knowledge and ability, to a result oriented</p>	

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	<p>obligation where that knowledge and ability must be appropriate <i>“to complete their tasks and perform their duties adequately, demonstrating appropriate professional experience relevant to the complexity of the products they are mediating”</i>. The proposal therefore explicitly links knowledge and ability with product complexity. Considering this link that is also pointed out in the report(par. 2.1.4). it is not brought to what should be its normal conclusion: the professional requirements should be prescribed by the different type of activity carried on by the intermediary. Also the continuous professional development should be concentrated rather on the fields more useful for the intermediary and related to topics that he must know. A tailor made training would also help the intermediary in not feeling the training as a simple administrative burden but as an occasion of development. For the purpose of establishing which could be the knowledge to acquire from the intermediary could be useful to determine different categories of intermediary and find out which are the topics that he must know. According to this analysis also determine the number of hours of CPD that must be dedicated to the different topics in the future.</p>	
Q4.		
Q5.		