

| 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 |
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| Company name: | FA -The Danish Employers' Association for the Financial Sector, Copenhagen, Denmark Amaliegade 7, 1256 Copenhagen K Denmark. | |
| 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"> ⇒ Do not change the numbering in column "Reference", or any other formatting in the file. ⇒ 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</i> | | |

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| | <p><i>requirements for distributors of insurance products (particularly, in the light of the current 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 | <p>Overall, the insurance industry in Denmark agrees that the mentioned requirements have a value for customers, companies and employees, and therefore we agree to the designated areas. The insurance industry also agree that in general, both knowledge and skills are required at a certain level to advise clients in relation to insurance and pension products. Moreover, the industry finds it natural that there is a continuing education to ensure that employees have updated their knowledge in order to serve their customers from a professional level and ensure that the industry has a key role in the Danish welfare system.</p> <p>However, Denmark would like to highlight the importance of recognizing the diversity of insurance distribution markets across member states and that any possible future requirements or practices must be very flexible to accommodate this diversity</p> <p>There are two general principles in the report we would like to point out as absolutely central to the Danish insurance and pension sector:</p> <ol style="list-style-type: none"> 1. IMD II training requirements must be done by national implementation, and compliance must be ensured by a national regulator. If the requirements of the IMD II are not aligned and anchored nationally, there will be no reason to adapt national conditions which are essential due to the very different markets, organisations and national conditions which prevail in the 28 EU countries. | |

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| | As regards the requirements for competence as well as continuing education, the overriding principle should be "output" oriented rather than defined via inputs (knowledge / extent). By focusing on what employees can instead of what "input" and extent of training they have, one will ensure professional competencies, thereby creating real value for consumers, employees and businesses. | |
| Q1. | | |
| Q2. | The report provides a good overview of the topics which EIOPA finds important in terms of consumer protection in relation to IMD II and thus provide a basis for discussion on this topic. However, there is a lack of an industry angle in relation to documentation requirements, additional costs to consumers, confidence in long-term solutions, involvement of industry, great diversity in relation to national conditions as well as the lack of security and confidence that national authorities can adapt to local solutions. Paragraph 3 | |
| Q3. | <p>The overall "aspects" are covered, but there are particularly three areas that we do not comprehend:</p> <p>1 Legal aspects - this describes a surveillance comprised primarily of EU legislation, which is a step in the wrong direction. Legislation is typically implemented nationally and national conditions are at least as important and makes sense in national states. It will create unnecessary mistrust and lack substantial justification if there is more focus on EU legislation than on national legislation. clause 3.3.2</p> <p>2 High-level Principles - by providing concrete examples that are too specific, the requirements do not create value in relation to consumers, employees and businesses as they are too inflexible and can be irrelevant in comparison to the national requirements. Therefore, it should only be the general principles that should be part of the report, otherwise the requirements make no sense in the "real world". It will claim that a "one size fits all" which would not be in favour of consumers. clause 3.3.1</p> <p>3 Levels of high-level principle - Working with technical insurance professional features that are customer-oriented, is very differentiated in the insurance industry and can to some extent be controlled by the complexity of the products. Individual companies are organized differently, therefore, to a great extent, there should be a national leeway to "level" training requirements in relation to job functions. clause 2.1.4</p> | |

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| Q4. | There are crucial differences between member states' insurance markets and training systems and no solution fits everyone. Good supervisory practices should be on a national level and conform to the traditions of continuous professional development (CPD) in each member state. FA believes that making companies do the same, does not result in better consumer protection. Instead it can lead to unnecessary administrative burden on the companies | |
| Q5. | <p>EIOPA's suggestion of 30 hours study activities within a period of 3 years (or an equivalent amount on an annual basis) is not up to date. It is important to recognize the fact that modern companies make use of different kinds of training methods to ensure CPD. Both formal, informal and non-formal learning play an important role, and it does not make sense to register the number of hours. It is important for the companies to have the flexibility to ensure CPD in a way that is in line with their business strategies and methods of CPD. Otherwise it can weaken their competitiveness. It is also important to note that the need for CPD varies depending on the development in products, regulation, markets etc. In some periods a lot of professional development is needed and in other periods less professional development is needed.</p> <p>However, by requiring a certain level of training, and based on the logic that there are continuous developments within the designated areas, there will always be either too little or too much training. Therefore, the second option identified in the report that it can be a test, is much more flexible and output oriented. A test shows whether the employee is on the right professional level and not how or how much training he has achieved. A test will be in the interest for consumers, employees and corporates alike. Clause 4.2.3 and 4.3.1</p> | |