

| 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: | RSA Insurance Group plc | |
| 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 | <p>We support the approach of listing good supervisory practices as high level principles directed at competent authorities for supervising knowledge and ability obligations in relation to IMD1 (and in due course IMD2). This allows Member States to adopt a proportionate and tailored approach to how supervisory practices are applied in their territory.</p> <p>We also agree with the broad range of knowledge and abilities listed in the report as relevant for intermediaries. Of particular importance is that the knowledge and ability is tailored to the role of each intermediary and this is clearly included as part of the supervisory guidance.</p> <p>In relation to CPD, whilst we agree that this is important, we feel the approach proposed by EIOPA is too prescriptive and implies the establishment of extensive oversight activities. We do not believe that the proposals as described would meet proportionality requirements or pass a cost benefit analysis.</p> <p>Overall, whilst the report on supervisory practices contains much that we support, we believe there is a need to reconsider the proposals in relation to CPD as we believe these go beyond what is required.</p> | |
| Q1. | Yes | |

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| Q2. | Yes, albeit as professional requirements are part of the IMD2 developments, we believe it may have been better to postpone this consultation until there was clarity on the final shape of that directive. | |
| Q3. | Yes | |
| Q4. | <p>Although we agree with the principle of CPD, we do not like the approach as outlined in the consultation. In particular:</p> <ul style="list-style-type: none"> • We disagree with EIOPA setting minimum levels of CPD (see question 5) • We believe the emphasis on appropriate oversight is disproportionate. The inference from the document (if not the intention) is that an external body or professional body should conduct oversight activity. In our view, the most obvious vehicle is not an external body, but the competent authority itself when conducting routine supervision of the firm. As the costs of regulation throughout the EU are already significant it is important that current mechanisms are used where possible and in preference to the establishment of any new oversight mechanisms. In our view, rather than list the bodies that can exercise oversight of CPD, the paper should be silent on this point and allow the competent authority to determine how best to achieve this. Alternatively the list should be extended to give sufficient weight and balance to the expectation that CPD oversight will be conducted by the Competent Authority as part of its regular monitoring activity. | |
| Q5. | <p>We believe it should be for each Member State to determine CPD levels tailored to the activities of relevant intermediaries in its territory. A minimum level set by EIOPA will have little benefit as for some sectors it will be insufficient whilst for others it will be too much. It is better therefore for each Member State to determine what this should be.</p> <p>When passporting, provided an intermediary has complied with CPD requirements in its Home State, then there should be no additional CPD in the Host State. This is dependent however on the activities in both Home and Host State being the same.</p> <p>We believe that references to CPD activity in the paper appear skewed towards structured activities, for example conferences, courses and exercises. In our view, a further important CPD activity</p> | |

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| | <p>concerns personal research and self development. Provided there is evidence that such activity has taken place (for example a report on a new product) this should be allowed to count as CPD. Although we believe it is for competent authorities to determine quantum and scores for such activity, we believe the EIOPA paper should for completeness make specific reference to the acceptability of personal research and development as something Competent Authorities should view as valid CPD.</p> <p>Finally, we believe there is a need to emphasise more prominently that internal training activity by a firm is valid CPD. For many firms this is the key means through which training and development occurs, yet the focus of the paper places more emphasis on external structured activity.</p> | |