

**Comments Template on
 Consultation Paper on the proposal for Guidelines under the Insurance
 Distribution Directive on insurance-based investment products that
 incorporate a structure which makes it difficult for the customer to
 understand the risks involved**

**Deadline
 28 April 2017
 18:00 CET**

Name of Company:	Association of International Life Offices "AILO"	
Disclosure of comments:	EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential. 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.	Public
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ <u>Do not change the numbering</u> in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool ⇒ Leave the last column <u>empty</u>. ⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph or a cell, keep the row <u>empty</u>. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. <p>Please send the completed template, in Word Format, to CP-17-001@eiopa.europa.eu.</p> <p>Our IT tool does not allow processing of any other formats.</p> <p>The numbering of the questions refers to the Consultation Paper on the proposal for Guidelines under the Insurance Distribution Directive on insurance-based investment products that incorporate a structure which makes it difficult for the customer to understand the risks involved</p>		
Reference	Comment	
General Comments		

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Question 1	No	
Question 2	<p>As alluded to in the Impact Assessment, Regulators need to keep in mind that consumers should take responsibility for their own actions and, so far as possible, have freedom to decide how they purchase IBIPs. That said, distributors and providers must remain free to decide whether or not to permit execution only sales.</p> <p>It is likely that with increasing digitalisation of financial services certain consumers will be keen to purchase products on line with no advice for two main reasons - comfort that there is sufficient disclosure of information to reach a considered opinion, and consequently avoiding paying for unnecessary advice. We would not foresee difficulty in providers complying with Article 20(1) by use of appropriate statements in the application process.</p> <p>It should be mentioned that the work of the Commission and EIOPA itself in terms of a pan European Personal Pension product envisages a low cost mass market product which would only be viable through internet sales.</p>	
Question 3	Unit linked policies linked to MiFID II non-complex instruments within Article 30(3)(a)(i). Many with-profit contracts and others involving structured product/notes linkage, Article 30(3)(a)(ii)	
Question 4	No	
Question 5	As we have stated previously to EIOPA, we do not consider that guideline 2 point 3(d) has any place in the guidelines. In our opinion, questions relating to title to policy proceeds has nothing whatsoever to do with complexity or otherwise of an IBIP product. It may be that a particular NCA has had concerns which from the wording of the text appears to suggest fraudulent activities. In which case those should be dealt with appropriately at national level. In any event creation of a "beneficiary", which is itself an undefined expression in the guidelines, will be handled in different ways in civil and common law jurisdictions and may have no connection with contract law. If there is considered a pressing need for some guideline then we would urge that clear and unambiguous language be used so everyone can understand what "beneficiary clause" and "contractual provisions" is intended to mean - in particular, by who and how can they be modified? and is this solely in relation to provisions applying on death	

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	<p>or maturity. Arguably, any common law power of appointment trust could be a “beneficiary clause” as drafted and the Trustees would have power to appoint benefits. The customer would understand who they would want to benefit today but it is almost a certainty that the customer would find it difficult to understand the legal language in the deed! Regarding point 2.26 of the explanatory text, we presume the rationale is that the product was purchased as one with no complex investment options available but that these might be made available for the product later? We would suggest that this is an unlikely scenario and as such it could be more appropriate for the text to state that such a product must at all times only offer access to investment options deemed non-complex.</p>	
Question 6	No	
Question 7	Not applicable	
Question 8	No	
Question 9	No	