

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:	Insurance Sweden	
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>Insurance Sweden (the industry organisation for insurance companies representing more than 90 per cent of the Swedish insurance market) supports the intension to have high-level principles regarding knowledge and ability requirements for distributors of insurance products. The right knowledge and ability is vital when it comes to retail distribution to consumers.</p> <p>Insurance Sweden is concerned that too little attention has been given the fact that when scope of IMD2 will expand, to include all distribution channels and all employees involved in distribution of an insurance undertaking instead of just insurance intermediation by intermediaries, the supervision gets more complex and new considerations will have to be considered. The aim of the supervision has to be clear and overlapping regulations like Solvency 2 must be regarded.</p>	
Q1.	<p>Insurance Sweden has identified at least tree relevant issues that need to be addressed regarding insurance undertakings.</p> <p>As all distribution will fall under the IMD2 than the issue of what distribution to be included under supervision have to be addressed? Should it only be retail distribution direct to consumers or a wider scope or all distribution? Different distribution channels require different knowledge and ability. It is relevant to know if all distribution, including group insurance and other collective agreements,</p>	

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	<p>business insurance, second pillar occupational pension plans etc. will be included.</p> <p>As all distribution will fall under the IMD2 scope then the persons involved in intermediation activities (especially since the IMD2 will expand the meaning of intermediation) within an insurance undertaking will be considerable. It must be addressed how to limit this group of employees to a reasonable proportion.</p> <p>The requirement on knowledge and ability differs regarding type of product, type of distribution and type of customer. If the requirements are to be meaningful even on a high level than it is necessary to address the differences between life and non-life insurance, investment and risk insurance and business and car or home insurance etc.</p>	
Q2.	<p>Insurance undertakings are responsible for their employees conduct, knowledge and abilities. Many insurance undertakings have well developed well-functioning internal education centers. Insurance Sweden is concerned that the high level principles will call for external independent education models only. Internal models must be recognized and accepted (relevant as well for question 4). There are advantages having the education indoors as it makes it possible to emphasize on the products that are distributed. Insurance undertakings differ from independent intermediaries as they only recommend their own products, if it is suitable to the customer.</p> <p>The variety of insurance undertakings distribution is not reflected in the report and distribution through channels that work on an ancillary basis is not considered in full. Insurance undertakings range from single product companies to full range (life and non-life) insurance companies. This is a major difference compared to insurance intermediation according to IMD1. The report needs further considerations in this aspect.</p> <p>Insurance Sweden has concerns about sanctions against employees of an insurance undertaking. If sanctions are considered then new considerations are necessary to handle conflicts with union law , employment contracts etc.</p>	
Q3.	Most relevant aspects of knowledge and ability are mentioned but there are some areas of knowledge	

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	<p>that has to be mentioned like:</p> <ul style="list-style-type: none"> • Marketing • Insider regulations • Legal issues regarding family, marriage, inheritance etc. <p>Insurance Sweden has concerns about some of the examples of what a competent authority could require a distributor to demonstrate (3.3.6., page 21). The examples are too far reaching when an undertaking has to demonstrate the knowledge and ability to answer questions from customer or the ability to communicate effectively (tone, manner, style) orally etc.</p> <p>The insurance undertaking is responsible for their employees conduct, ability and knowledge.</p>	
Q4.	Insurance Sweden is concerned that the high level principles will call for external independent education models only (see further answer under question 2). Another concern is that it must be possible for insurance undertakings with distribution on different markets to conduct CDP the same way throughout the whole organisation.	
Q5.	Insurance Sweden regards the minimum level of CPD suitable for intermediaries or sellers working fulltime with customers within the area of investment and pensions. The minimum level is not admissible in most other areas and especially not for intermediaries who work on an ancillary basis. Education comes with a cost, that has to be regarded.	