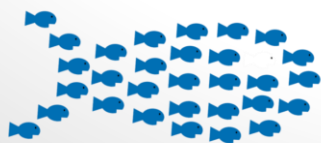




DA on product oversight and governance requirements for insurance undertakings and insurance distributors

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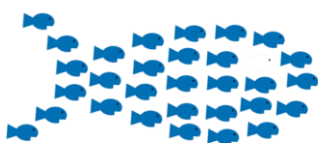
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BETTER FINANCE, the European Federation of Investors and Financial Services Users, welcomes this initiative and thanks the European Commission for the opportunity to comment on the Delegated Act on product oversight and governance requirements for insurance undertakings and insurance distributors.

Our organization fully defends that this draft Delegated Act would be the cornerstone to establish the main obligations for insurance manufacturers and insurance distributors regarding the product approval process, the target markets, the product testing, the monitoring and review, and the information obligations between manufacturers and distributors. These innovations are fundamental to ensure improvements in terms of consumer protection and retail investor involvement in insurance markets.

Nevertheless, there is one issue that raises our concern as it may not provide adequate consumer protection. Namely, according to the draft DA manufacturers "may" identify groups of customers for whom the insurance product is generally not compatible with their needs, characteristics and objectives. Unfortunately, in our opinion this would lead to watering down consumer protection when compared to the EC draft DA on POG - Article 5





(2) with EIOPA's Technical Advice (1 February 2017), p. 28, no. 15 - which stipulates that manufacturers "shall" identify groups of customers for whom the product is generally not compatible.

Due to this modification manufacturers would no longer be obliged to identify a negative target market as they would merely have a right to identify such a market. BETTER FINANCE believes that this would result in a major setback with regard to the Commission's efforts to provide effective consumer protection. Therefore, we urge the European Commission to redraft this section based on the original EIOPA proposal.

Should the draft DA remain unchanged, it could significantly reduce the consumer protection level as well as thwart a convergent application by market participants.

