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REPORT AAE CONSUMER PROTECTION WG, SEPTEMBER 2019

The AAE Consumer protection WG met last July to review the ongoing work being carried out by the European authorities on consumer protection issues.

This issue remains mainly focused on life insurance or insurance-based savings products. The work is in the continuity of PRIIPs.

On the one hand, directly linked to Priips, the work to revise the delegated regulations is underway, which led to a workshop bringing together many stakeholders around the ESAs. Two members of the WG, Valéry Jost (under the AAE) and Tobias Rieck (under Allianz) contributed. These meetings were not very productive and essentially allowed the arguments already presented to be reformulated. Performance scenarios have been the subject of much criticism in general. The solutions mentioned by the ESAs did not seem convincing, but no other solutions were chosen during the meeting, either for technical reasons of implementation, relevance to the consumer or compliance with the Regulation. It is quite possible that the work will be oriented towards minor changes, but with the addition of past performances disclosure, which most actors do not want, or would accept buts subject to replace the current probabilistic scenarios.

The same applies to costs, with issues that could differ greatly depending on the products or the stakeholders (managers, insurers). The ESAs have begun to move towards a differentiated presentation depending on whether the products were UCITS or not, as an alternative to the RIY. Subsequently, discussions between the Commission, which is launching a consumer survey, and the ESAs have shown strong disagreements, and suggest that the reflections from these workshops will have little impact on regulatory developments.

On the other hand, at the very end of July, EIOPA convened a new meeting of the expert group on the collection of information on the costs and performance of financial products. This meeting was of course unable to remove the fundamental questions relating in particular to the measurement of past performance, which pose significant difficulties on markets with periodic premiums, but it confirmed the value of a concrete exchange in order to enable EIOPA to better understand the specificities of the markets and to adjust the consultation framework in a relevant manner.

In this respect, EIOPA seems to fully share the approach suggested by the EFA, which is to promote a better understanding of products and markets.

Valéry Jost,
Chairperson, Consumer Protection Working Group

Annexes: 2

Annex 1

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TERMS OF REFERENCE

CONSUMER PROTECTION WORKING GROUP

The Working Group will consider, from the point of view of the actuarial profession, matters relating to insurance distribution and consumer protection in Europe. The Working Group will report to the Standards, Freedoms and Professionalism Committee and make proposals on actions required.

In particular the Working Group will:

1. monitor announcements and publications relating to the matters listed above, especially from the European Commission, the European Parliament, the Council and EIOPA;
2. identify topics on which it might be practical and useful for the AAE to develop a discussion paper or position paper and/or to issue a press release;
3. carry out research drawing on readily available materials, such as product development;
4. present through the AAE the views and advice of the actuarial profession in the EU on matters of concern to the profession in consumer protection to the EU Institutions, particularly the European Commission, the European Parliament and EIOPA, and, where appropriate, to other organisations;
5. prepare the AAE response to consultations relating to the matters listed above;
6. where appropriate, co-operate with other Committees of the AAE in considering issues of joint concern on the matters listed above, to ensure a co-ordinated approach in making submissions to the Commission and other organisations;
7. where appropriate, maintain informal contact with the relevant committees of the International Actuarial Association and any other European and international bodies and academic institutions whose activities relate to the concern of the Task Force;
8. seek opportunities to brief MEPs on work carried out by the AAE and in particular on any published position papers and press releases in liaison with the Chief Executive.
9. promote the exchange of information from and mutual understanding of national markets in order to cope with their specificities in an appropriate way and at the relevant level.

AAE Consumer Protection Working Group

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