

CONSUMER PROTECTION WG

REPORT TO INSURANCE COMMITTEE

The activity of the WG for Consumer Protection has been very focused in recent months on the follow-up of the PRIIPs dossier. In accordance with the provisions of the PRIIPs Regulation, the ESAs have undertaken studies with a view to reviewing the RTS.

The regulation of PRIIPs remains a complicated issue, generating significant disagreements not only between regulators and operators, but also highlighting very different views and impacts between operators (it should be recalled that PRIIPs apply to the asset management, banking and insurance sectors). These difficulties appear within the sectors themselves, particularly within the insurance sector due to the very wide diversity of products. In addition, there are clear differences of opinion between the ESAs and the Commission on the solutions to be taken into account in the consumer survey.

As there was a degree of consensus on the difficulties and serious regulatory shortcomings (the AAE expressed its own concerns with regards to the consumer protection risks introduced by the performance scenarios), the ESAs focused in particular on the subject of performance scenarios, costs measurement, but also on the renewal of the exemption for products already subject to the production of a KIID under the UCITS Directive.

Apart from this last point, the solutions envisaged remain technically questionable and run up against serious pitfalls in terms of the complexity of implementation by operators and the quality of the information provided to the consumer.

The working group has been strongly mobilised to prepare a response from the AAE to this consultation in order to highlight these issues of concern. The AAE reiterated that an in depth and comprehensive review, including of level 1, would bring considerable benefits. A short term solution should be avoided. In this regard, we consider that important issues raised by level 1 would nevertheless remain even were level 2 to be satisfactorily addressed.

The AAE underlined that the material heterogeneity of insurance markets and products both at national level and across Europe is an important factor for this work. To be successful, any solution to issues raised will need to cater for this heterogeneity, without excluding proportionate methodological adaptations where required by specific product features. A one-size-fits-all approach is problematic if it leads to inappropriate representation of certain products.

This important dimension of the problem has to be seen in relation to another difficult issue on which the ESAs have to work, and on which EIOPA has requested the assistance of the AAE: the study commissioned by the Commission on the costs and performance of savings products. The AAE's work had highlighted the complexity and diversity of insurance products, which makes it

impossible to measure an aggregate such as past performance unequivocally. Discussions continued with EIOPA to launch a new phase of work, based on the concrete elements gathered by EIOPA from the various European markets.

Finally, it should be noted that within the framework of the consultation on the PEPP project, exchanges have taken place and links have been established with the EIOPA group in charge of this dossier.

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