

EIOPA public consultation on the ‘Methodology for Value for Money Benchmarks’

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Introduction

Following the publication of the Supervisory Statement on Value for Money in November 2021, EIOPA started working on a methodology to assess Value for Money (VfM) in the unit-linked and hybrid insurance products markets, with the aim of ensuring consistent and convergent approaches. The VfM methodology is meant as a supervisory tool for National Competent Authorities (NCAs). It aims at providing clarity for insurance manufacturers and distributors on the supervisory approaches to address VfM risks, to ensure that they are sufficiently customer-centric and that they take into account VfM considerations.

The [Methodology for the Value for Money benchmarks](#) issued for public consultation, presents how EIOPA aims to develop such reference benchmarks, by taking a gradual approach to ensure they well reflect the characteristics of products sold in different markets across the European Union (EU). Three steps are envisaged:

- Step 1 Defining the product clusters: This would consist in defining the set of clusters based on which unit-linked and hybrid products are grouped according to policyholders’ needs. The aim is to ensure that products with similar characteristics and with comparable features are compared with one another. Unit-linked and hybrid products across Europe can be highly diverse and, hence, there cannot just be one set of benchmarks for all products. While the final set of clusters will be defined based on the set of products which will be collected, the methodology already identifies some criteria and presents two possible options on how to clusters Multi-Option Products (MOPs).
- Step 2 Defining the indicators around which benchmarks will be developed: The published VfM methodology already contains a set of indicators to measure VfM. EIOPA proposes revisions to these indicators to also include new ones which would help in further assessing if products offer VfM. The updated indicators will be defined based on feedback from the public consultation and once the data is available.
- Step 3 Data collection and the benchmarks calibration: Considering the need to limit the burden on the market, EIOPA envisages relying on existing data collection process – i.e., the annual Cost and Past Performance (CPP) report. However, this will need to be refined and adjusted. This document

presents how EIOPA plans to refine and adjust it including how the data collection would work depending on whether for MOPs Option 1 or Option 2 is chosen.

It is important to highlight that the approach for the definition of the benchmarks is to be considered an initial exercise that will require further recalibrations and possible revisions on the approach. EIOPA plans to revise and improve the methodology through a public consultation which will run from 15 December 2023 for 3 months, and through the input received through a pilot data collection exercise which will run in parallel to the public consultation.

It is worth noting that as part of its work on VfM, EIOPA in 2020 decided to gradually develop a comprehensive and proportional toolkit enabling NCAs to address value for money risks in the unit-linked and hybrid insurance products market. To this extend it decided and already started its work on the benchmarks prior to the publication of and independently from the Retail Investment Strategy (RIS), through which the European Commission envisages an Omnibus Act which would amend also the Insurance Distribution Directive (IDD) alongside a number of other measures to increase consumers' savings and enhance the Capital Markets Union (CMU). The proposal clarifies and further strengthens existing VfM requirements under Article 25 (POG) and it further suggests that EIOPA, after having consulted ESMA, should develop common benchmarks for insurance-based investment products (IBIPs) that should help insurance manufacturers perform product comparative assessments.

EIOPA's current work is therefore to be considered independent from the RIS and fully entrenched and based on existing IDD requirements. In fact, even though EIOPA is of the view that this preliminary work can inform the RIS as it will provide real practical expertise on how to develop benchmarks before the methodology under the RIS is developed, EIOPA's work and approach is different from the RIS as it would develop benchmarks based on a sample of products and such benchmarks would be used for supervisory purposes (i.e., to inform a more risk-based approach).

Finally, while EIOPA has not carried out an impact assessment prior to the publication of this consultation paper, EIOPA encourages stakeholders feedback as to the possible costs and impact of the proposal and approach included in this methodology. EIOPA views the current approach as not increasing the costs; in fact, as presented in Section 6 of this consultation paper the data collection would rely on the CPP data collection process and only in case Option 2 is preferred for MOPs the number of products to be reported would significantly increase. Moreover, EIOPA expects to rely on data which insurance product manufacturers – if they carry out sufficient and adequate product testing in line with Article 6 of the POG Delegated Regulation – should have readily available. On the contrary, EIOPA expects that the current approach would limit costs and facilitate insurance manufacturers' work by providing them with key indicators on comparable offers in the market by enabling a more risk-based approach to supervision.

Responding to the consultation

EIOPA welcomes comments on the Consultation paper on Methodology on Value for Money Benchmarks. Comments are most helpful if they:

- respond to the question stated, where applicable;
- contain a clear rationale;
- and describe any alternatives EIOPA should consider.

Please send your comments to EIOPA in the EU survey tool, by 15 March 2024. Contributions not provided using the survey or submitted after the deadline will not be processed and therefore considered as they were not submitted.

In case of questions you can contact EIOPA at valueformoney@eiopa.europa.eu.

Publication of responses

Your responses will be published on the EIOPA website unless: you request to treat them confidential, or they are unlawful, or they would infringe the rights of any third party. Please, indicate clearly and prominently in your submission in the respective field in the EU survey tool. Standard confidentiality statements in an email message will not be treated as request for not disclosure. EIOPA may also publish a summary of the survey input received on its website.

Please note that EIOPA is subject to Regulation (EC) No 1049/2001 regarding public access to documents and EIOPA's rules on [public access to documents](#).

Declaration by the contributor

By sending your contribution to EIOPA you consent to publication of all non-confidential information in your contribution, in whole/in part – as indicated in your responses, including to the publication of the name of your organisation, and you thereby declare that nothing within your response is unlawful or would infringe the rights of any third party in a manner that would prevent the publication.

Data protection

Please note that personal contact details (such as name of individuals, email addresses and phone numbers) will not be published. EIOPA, as a European Authority, will process any personal data in line with Regulation (EU) 2018/1725. More information on how personal data are treated can be found in the privacy statement at the end of this material.

Information about the respondent

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* Do you agree that your response is published in EIOPA website?

- Yes
 No

* Country

Belgium

* Name of your organisation

Actuarial Association of Europe

* Type of your organisation

- Insurance or reinsurance undertaking
- Insurance intermediary
- Technology company
- Industry association
- Consumer association
- Academia
- Other (please specify)

* Please specify

Professional Association

* Would you be willing to engage with EIOPA on follow-up discussions on The Methodology for Value for Money Benchmarks? If 'yes', please provide the main contact point for possible follow up (name and e-mail address)

- Yes
- No

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Questions to stakeholders

1. Stakeholders are invited to provide inputs and views as to how value for money benchmarks should work and their usefulness for product comparability.

2000 character(s) maximum

We support EIOPA's initiatives for the development of benchmarks to be used as supervisory tools to identify products that pose higher VfM risks. We acknowledge that these benchmarks can serve as useful tools for supervisory authorities to identify products that might not offer adequate VfM. However, we have concerns as to whether these benchmarks should be used by the public.

We would like to highlight the following:

-It's critical to incorporate qualitative aspects in VfM assessments to capture the full product value beyond quantitative indicators.

-VfM benchmarks should primarily serve as supervisory tools to identify outliers rather than metrics for product comparison by consumers/distributors. We do not explicitly oppose the use of benchmarks by consumers but highlight the challenges in ensuring these benchmarks fairly reflect product value, considering qualitative features. Furthermore, we are not certain if the public understands their limitations.

-We are concerned about the potential for benchmarks to inadvertently encourage product design aimed solely at scoring well against these benchmarks. This could limit innovation and customer choice.

-It is important that the selected approach can account for the complexities and nuances of insurance products, including consideration of diverse charging structures and the unique features that may not be directly comparable. In particular, a risk-based approach could be adopted, whereby the products that pose higher risk are first highlighted and identified and, secondly, are subject to higher supervisory scrutiny to confirm any remedial action.

-Comparisons should perhaps be limited to similar regulatory and market environments to ensure fairness and relevance.

While supporting Value for Money ("VfM") benchmarks, we emphasize the importance of a balanced approach that includes qualitative and quantitative analysis and considers market specificities.

2. Stakeholders are also invited to share whether they agree on what the benchmarks are and are not.

2000 character(s) maximum

We appreciate the initiative to develop benchmarks but urge careful consideration of their design and use to avoid unintended consequences. As noted above, a balanced and flexible approach will be crucial to ensure benchmarks serve their intended supervisory role.

We note the following:

- Benchmarks should serve as a supervisory tool, not as a consumer disclosure tool, due to their inability to capture the holistic value of products, especially qualitative aspects that could be important to specific target groups.

- The idea of using benchmarks for identifying outliers in VfM is useful. It is suggested incorporating the appropriate relative (i.e., how does it compare within the universe of offered products and the wider peer product group) measures (e.g., by reference absolute values) to assist a comprehensive understanding of benchmarks.

- Benchmarks should not be created such that they may inadvertently influence product design or to provide the wrong incentives to meet benchmarks.

- The proportionality of costs and benefits can be a very vague notion that a benchmark cannot assess. For example, this can be true where guarantees and optionality are present in product design or other services provided within the charging structure such as advice.

- The feasibility of a comprehensive approach to compare fees is challenging and may not be feasible in practice due to product heterogeneity.
- There are concerns about how indicators / results are published and communicated as there is potential for misinterpretation. For example, when indicators are negatively correlated.
- Any guidance provided should be careful not to “rigidify” processes and stifle innovation.

3. Do you already have similar tools in your market that would serve the same purpose?

2000 character(s) maximum

Within the EU, there are existing tools that align with the objectives of EIOPA's proposed benchmarks, each tailored to specific regulatory and market needs. For instance, in Germany, a guidance notice by BaFin utilises a risk-based approach to supervise savings products effectively, aiming to identify outliers. This method is praised for its flexibility and efficiency. In France, a benchmark tool has been adopted since 2023 focusing on fees and performance for unit-linked accounts, which has already prompted significant industry actions to enhance value for consumers.

These examples illustrate a proactive stance towards ensuring market transparency, underpinning the principle that while the methods may vary, the goal of improving market practices and product offerings remains constant. Adopting a flexible framework that accommodates these diverse approaches (and markets) while promoting best practices across the EU could enhance the effectiveness of benchmarks as supervisory tools. It is essential to balance the need for comprehensive oversight with the practicalities of market-specific conditions, requirements and regulatory environments.

4. While EIOPA indicated that initially it will not publish the benchmarks, stakeholders are also invited to share views as to whether the benchmarks should be published or not already in the first initial phase.

2000 character(s) maximum

In response to whether benchmarks should be published in the initial phase, we have observed a variety of views among our members. On one hand, there is a firm belief that appropriately designed benchmarks could be useful as a supervisory tool, with concerns that their premature publication could lead to misinterpretations, potentially mistaking them for official product rankings. However, full transparency regarding product features and indicators is important. In this respect, existing documentation such as the PRIIP KID (or equivalent) can provide an appropriate medium for public disclosure.

It is considered somewhat inevitable for such benchmarks/indicators to become public at some point. Initially, it would be necessary for professionals working on product design to have access to this information. However, there is a risk for indicators to provide misleading information to consumers if they are made public and if no appropriate safeguards are put in place. Therefore, such considerations should be assessed, and the risks should be mitigated. For example, viewing benchmarks as shortcuts for product rankings could potentially result in the consumers ignoring product features which might be of value to them but are only available at a cost.

When publishing these indicators, it is important to ensure that they are based on good quality data and that they remain fairly stable from year to year without undue volatility in reported values.

5. Stakeholders' views on the approach to product clustering are sought.

2000 character(s) maximum

We acknowledge the complexity of balancing homogeneity and granularity in product clustering across the EU's diverse insurance market. Our position supports a balanced, flexible framework that accommodates national differences while ensuring comparability.

A successful clustering approach could:

- Aim for fewer, well-populated clusters to enhance benchmark credibility.
- Allow flexibility for NCAs to adapt clusters to national specifics, with EIOPA defining key features to ensure consistency and comparability.
- Incorporate reverse testing to validate that clusters effectively differentiate products without oversimplification or loss of meaningful comparison and so that they are consistent and relevant for each country/market.
- Recognize the significant impact of local factors on product costs, regulations, and biometric risks, suggesting a tailored approach to clustering that respects the principle of subsidiarity for optimal efficiency.
- Consider the possibility of products belonging to multiple clusters, with mechanisms to address products performing differently across clusters.

6. Do you agree with the essential and additional criteria for product clustering? Should additional criteria be collected?

2000 character(s) maximum

In considering the essential and additional criteria for product clustering, it is acknowledged that the proposed framework captures many significant aspects.

However, feedback from our members indicates a need for a balanced approach to ensure both practicality and comprehensiveness in clustering. There is a consensus on the value of certain product features which is discussed further below. However, there are certain concerns about the potential for over-granularity which could lead to practicability issues and non-comparable clusters, due to overly broad criteria.

Consider the following which could be incorporated into the approach:

- Reviewing the number and nature of product types to better accommodate market varieties. Revisiting the classification and definition of "hybrid" products to ensure they accurately represent product offerings.
- Refining the criteria related to premium payment modes and inclusion of distribution costs to reflect their impact on consumer value.
- Considering the inclusion of product features such as guarantees, death insurance coverage, product liquidity, and ongoing advice services as essential features.

In conclusion, it is advised to adjust the granularity and specificity of criteria to address identified gaps and ensure clusters are both meaningful and manageable.

7. Do you agree with the proposed approach to use the additional criteria to either develop more detailed clusters or to provide qualitative considerations on how to take these elements into account when looking at the benchmarks?

2000 character(s) maximum

We support EIOPA's initiative to enhance product comparability through clustering. However, we suggest adopting a flexible, simplified approach that considers the diversity of the EU insurance market. This strategy should balance the need for comprehensive criteria with the practicalities of implementation, ensuring that the clustering framework serves its intended purpose effectively and efficiently.

Consideration should be given to the following points:

- Adopt a balanced set of criteria that includes both essential features and additional criteria vital for assessing customer value comprehensively.
- Enable NCAs to adapt clustering to fit their market specifics and legal frameworks, providing the necessary flexibility to ensure clusters are populated meaningfully and reflect real market conditions.
- Streamline the clustering methodology to prevent an excessive number of clusters, focusing on a pragmatic balance between detail and applicability.
- Recognize the value of national-level analyses to ensure the relevance and efficiency of clusters, facilitating a more accurate comparison of products across different markets.

8. Do stakeholders think that for MOPs Option 1 would suffice or that Option 2, which would be more substantial in terms of reporting but also more precise and granular, should be preferred?

2000 character(s) maximum

We propose a balanced approach that addresses the complexities and diverse needs of stakeholders in different countries across the EU.

We acknowledge the challenges in accurately representing MOPs' value and the practical difficulties in data collection and analysis.

Our suggestions would be the following:

1. Allow National Competent Authorities flexibility in selecting and refining benchmarking approaches to accommodate market specifics and legal frameworks. It could be the case that different countries/markets would "prefer" a different option as that would suit them better.
2. Detailed guidance on the methodologies for both options is necessary, ensuring stakeholders fully understand the processes and criteria involved.
3. Simplify Data Collection: Utilise existing data sources where possible to minimize additional burdens on insurers while ensuring statistical significance.
4. For Option 1, prioritize the use of the most commonly sold investment funds instead of averages to more accurately reflect market preferences and product value.
5. Furthermore, we consider that some further explanation of Option 2 is required to fully understand the

mechanisms as it is unclear in places how the proposal would work. For example, how is the notion "average" being defined? What is meant by a "unit linked product" in §4.20? Is it the option with its wrapper? Or is it the policy as a whole, as seems to be suggested by the range of risk (1-7)? What is the meaning of the RHP, since there should be a specific RHP for each option.

9. For Option 2 do you think the clustering approach should be revised by focusing more on the underlying options and less on some of the other essential product features?

2000 character(s) maximum

In response to EIOPA's clustering approach for Option 2, we suggest the revision of the methodology with the aim of balancing practicality and representativeness. While MOPs' flexibility and choice necessitate a nuanced approach, the proposed clustering into nearly 600 categories may not be practical due to the potential for extremely low product counts per cluster and operational complexity.

We have the following suggestions that could be considered:

- Reduce the number of clusters to ensure meaningful comparison and avoid bias towards any single insurer or group.
- For products with dynamic features and allocations, like hybrid products, a broader (more holistic) perspective that accounts for overall product characteristics is essential and more appropriate, as benchmark indicators would not be able to fully capture the characteristics of these products.
- Acknowledge MOPs' unique nature by possibly treating them as a separate category, with emphasis on representativeness and simplicity in data collection.
- Ensure indicators for benchmarking are easily accessible, straightforward, and leverage existing data to facilitate implementation.
- Although having more clusters presents the advantage in terms of completeness, it should be considered only if the indicators are straightforward, in very limited numbers (cost and performance principally) and if their collection can rely on existing industry disclosures.

By focusing on these improvements, we would expect a clustering approach that is both manageable for insurers and meaningful as a supervisory tool, respecting the diverse nature of products in the market.

10. For Option 2 do you think that the inclusion of the profit participation investment option in the asset class feature is appropriate for a correct interpretation of hybrid products?

2000 character(s) maximum

We recognize the complexity of accurately interpreting hybrid products. Our feedback underscores the need for flexibility in the proposed approach, tailored to the specific design and operational mechanisms of hybrid products and the specific market needs which may vary across the EU.

With that in mind, we note the following specific points:

- 1) We suggest that the inclusion of profit participation investment options in the asset class feature should be determined based on the product's structure. For products where the option is selectable and acts as one of several investment choices, including it in the asset class feature may provide valuable insights into the product's characteristics and policyholder choices. Conversely, for products where profit participation is an

obligatory component, driven by the product's algorithm, its inclusion should be re-evaluated to avoid misleading interpretations.

2) Any approach should weigh the added complexity against the potential benefits, particularly in markets like France, where profit participation investment options have not raised Value for Money issues. This consideration will ensure that the classification serves the intended purpose of enhancing product transparency and comparability without unnecessarily complicating the assessment framework.

3) In the context of a self-managed MOP where the options consist of individual funds (UCITs or others), we think that including the profit participation investment option would create additional complexity.

11. Stakeholders are invited to provide feedback on the use of VfM Methodology Level II indicators, are these a good fit for the benchmarks? Should Level I indicators be used?

2000 character(s) maximum

We note the significance of addressing both quantitative and qualitative aspects of products, with a particular emphasis on the scrutiny of fees in unit-linked savings products.

It should be noted however that, a balanced approach is recommended, utilising Level I indicators for initial benchmarking to identify those products that require further examination. Level II indicators should then be applied selectively to those identified as requiring deeper analysis and therefore could be seen to fall outside the generalised benchmark approach.

- The evaluation framework must include methodologies for assessing qualitative benefits, reflecting the intricacies of national standards, and the specific benefits sought by target markets.
- The process for identifying products warranting deeper scrutiny should be simplified, prioritising the analysis of fees, including both underlying funds and wrapper-related contractual fees for MOPs.
- Importantly, flexibility should be integral to the framework, allowing the type of indicators used to be tailored to the specific needs and conditions of each market. This flexibility ensures that the VfM assessment is relevant and effective across diverse regulatory environments and consumer expectations.

12. Stakeholders' views on the proposed indicators are sought, including on the intervals at which the indicators need to be assessed.

2000 character(s) maximum

It is important to select appropriate indicators and assessment intervals that accurately reflect the VfM of products. There is a need for indicators to account for long-term investment horizons and macro-economic conditions without disproportionately impacting products with long RHPs.

- Indicators should be assessed on a fixed-term basis (1-3 years), with provisions for more frequent reviews in response to significant macro-economic changes. Classification between good and poor VfM products may change due to macro-economic variables rather than product characteristics and this should be monitored carefully.
- Indicators must fairly compare costs across different RHPs, avoiding discrimination against long-term products. Products in different clusters may require comparison based on different RHPs.
- Reduction in Yield could be seen as a fair measure for comparing costs. On the other hand, for MOPs

underlying options, instant measurement of annual fees and annual past performance (say 1-5 years), gives a first useful insight. However, it is recognised that past performance may not be a reliable indicator of future returns, and this should be caveated appropriately.

- Indicators based on surrender values should be re-evaluated, particularly for long-term pension products, to ensure they do not disadvantage products designed for long-term saving.

- The number of indicators, especially for MOPs, should be streamlined to focus on those most relevant to assessing VfM. Any assessment involving a retention period should limit investment horizon evaluations to the RHP, reflecting the emphasis on designing products that cater to consumers saving until the end of RHP. The approach should not be compromised by potential disadvantages of early cancellation. Indicators should thus be developed with an understanding that caters to the long-term financial stability and retirement planning needs of consumers.

13. Stakeholders are invited to also provide feedback as to which indicators works best for which cluster /product features.

2000 character(s) maximum

There is a need to adopt a simplified set of indicators that accurately reflect value for money across diverse product offerings (and markets) without penalizing specific fee structures or product designs.

To this extent, we have the following suggestions:

- EIOPA could adopt a streamlined approach to indicators, prioritizing those that offer clear, unbiased insights into product value.

- Indicators should be selected and applied in a manner that acknowledges the specific characteristics and intended consumer benefits of different product clusters (and markets). This flexibility will help ensure that benchmarks and evaluations are fair and reflective of the diverse landscape of financial products available to consumers.

- Special attention should be paid to indicators like "Entry costs / total costs paid" to ensure they do not inadvertently disadvantage products with unique fee structures that offer genuine client value. It's essential to balance the assessment of upfront costs with an understanding of long-term value and fee arrangements.

14. Do you believe additional indicators should be measured?

2000 character(s) maximum

No further indicators need to be defined for benchmarks. If they become necessary, they can be developed at national level on a market-specific basis.

15. In case option 2 for MOP is chosen, do you think that more appropriate indicators applicable only to the single investment options should be identified?

2000 character(s) maximum

We would like to highlight the necessity for simplicity in the approach to be adopted. No further indicators need to be defined in this case. Single investment options are generally straightforward, and focusing on fees supplemented by an overview of performance in recent years should suffice.

16. Do you agree with the proposal of using PRIIPs KID assumptions for the moderate scenario for the calculations of the indicators? Should an additional scenario (point in time) being included to evaluate the current performance of the product?

2000 character(s) maximum

While the PRIIPs KID moderate scenario (except for MOPs) could provide a standardized framework for assessing product performance, it would not fully encapsulate the complexities of various products, particularly those with profit participation features or hybrid structures and it would not accurately reflect outcomes like surrender value or death benefits.

The unique characteristics of each product type should be considered.

Some suggestions for consideration are set out below:

- Beyond the moderate scenario, it is advisable to incorporate scenarios that indicate the range of possible outcomes, such as a pessimistic and an optimistic scenario, to better capture the potential variability in product performance and benefits.
- It should be noted that the distribution of returns is right skewed and therefore the upper half comprises more value. Ignoring it would have an impact on the perceived value of the product.
- Where applicable, especially for unit-linked products, reliance on historical performance data should be considered as it offers a straightforward and unbiased method for evaluating product effectiveness over time. However, historical records are likely to contain periods of untypical asset returns that may be unlikely to be repeated in the future.
- The use of RIY as an indicator for MOPs should be critically assessed (or waived), considering its complexity and potential to misrepresent ongoing costs, particularly in markets where entry fees are minimal or waived. Where more straightforward indicators are available, they should be preferred.

17. Do stakeholders agree to use percentiles to define benchmarks?

2000 character(s) maximum

Percentiles can provide useful insights but, in many cases, they cannot provide the full picture and should be used with caution. In particular, we note the following reservations in that should be considered in the potential use of benchmarks:

- Data should be credible, both from a data accuracy and sufficient sample size point of view
 - Sparsely populated clusters could lead to a false representation of statistics, putting undue weight on such benchmarks.
 - Percentiles would not be useful in the case of bimodal distributions where the shape is of essence.
 - Percentiles should not be the only measure used. It is important to understand the whole distribution.
- An idea would be to visualize the clusters by box plots, which could give a better understanding of the extent of any outliers.

18. Do stakeholders agree that percentiles should be defined once the data is available and that such percentiles should be adjusted as relevant?

2000 character(s) maximum

Percentiles should not be defined ex ante. Percentiles should only be defined once the data is reliable and deemed sufficient.

If markets change, a regular adjustment would be required.

19. In stakeholders' views are there some minimum/maximum percentiles which should be used?

2000 character(s) maximum

Please review our response to question 17 above, which comments on the features of the distribution which need to be considered.

20. Do stakeholders think that the data collection should be expanded?

2000 character(s) maximum

The current method of collecting data for the Costs & Past Performance survey through sampling could pose a problem for data representativeness, as it only retrieves partial data i.e., each insurer provides, via SRI, the insurance product / UC pair with the highest turnover in the previous year.

This could lead an insurer to provide information representing only a few million in premiums for each SRI, even though the insurer in question collects several billion across a multitude of products and UCs. At the extreme, it's even possible that no data is provided for SRI 7 because this category of UC represents only a small part of the financial ranges.

To overcome this issue, it would be necessary to gather much more data to make it truly representative of insurers' portfolios (more products/more UCs), which would entail extremely significant costs: extracting existing data from information systems, manually inputting unparameterized data into, formatting, and verifying coherence before submission etc.

Of course, the more products are observed, the more meaningful the results will be. However, this might create undue costs in relation to the benefits and require a cumbersome process.

Ideally, it is better to start simple and to only increase data collection only when and where this is required.

21. If yes, which data collection principles should be used?

2000 character(s) maximum

For MOPs, similar principles to those adopted in the French market could be considered (see the system implemented by the ACPR in France).

Data collection principles that could be considered by EIOPA are:

- Ease of access to existing data,
- Efficiency and time-cost required to collect the necessary data, ideally relying on existing market data collection systems,
- Easily observable, targeted (very limited in number) and objective metrics e.g. for UCITs costs / past performance indicators,
- Use of relative measures such as percentiles are helpful for comparisons but should ensure there are enough data points to be considered meaningful.

22. Do stakeholders foresee a significant impact in the data collection in terms of resources and time in comparison to the current Cost and Past Performance data collection?

2000 character(s) maximum

It is acknowledged that any modifications to the data collection process can significantly increase the operational impact due to the necessity for manual efforts and system adjustments. Modifying data requests entails recalculating or involving different technical systems, which can hinder automatization and therefore require resources.

This may involve adapting existing systems or performing manual calculations. While the evolution of benchmarks to reflect market changes is critical, maintaining a degree of stability in the data collection processes is equally important to minimize the need for constant recalibration and to enable more efficient processes.

Furthermore, the comprehensive calculation of indicators for all products and their options, would have a significant impact on resources.

23. How would you assess the impact that the benchmarks methodology would have in your organisation? Please consider both the data collection and the use of the benchmarks when they will be available.

2000 character(s) maximum

No response.

24. Do stakeholders agree with benefits of the proposed approach?

2000 character(s) maximum

We appreciate EIOPA's approach to provide a common starting point for NCAs to assess the value for money of different products by setting respective clusters and indicators. However, we strongly believe that – given the broad and diverse product landscape in the European Union – a meaningful distinct definition of clusters on a Pan-European-Basis may result in either way too many clusters which bears the risk of statistically insignificant results and overwhelming complexity or too much simplification/generalization. Hence, we propose to rather start with simple concepts on clustering and indicators and give NCAs the freedom to adjust for their markets if they deem necessary to do so. Same holds true for the proposed indicators as too many (probably even contradicting ones) of them may yield to inappropriate misleading conclusions.

Furthermore, as mentioned in the answers to the previous questions, it is unlikely that the system will facilitate the value for money approach if it is not significantly adapted on the basis of concrete experience and at the relevant market/national level.

As any additional regulatory burden is ultimately paid for by customers, it is important to ensure that regulations are proportionate to their real benefit.

25. Are there additional benefits in stakeholders' views?

2000 character(s) maximum

No response.

26. What could be the costs of implementing Option 2?

2000 character(s) maximum

The costs of implementing Option 2 would depend on several factors and could vary significantly between companies and markets. These costs would depend on, but would not be limited to, the following:

- Size of the company.
- Range of products offered by the company and their characteristics (including the diversity of products or their homogeneity).
- Size of the technical (e.g. actuarial) team within the organisation,
- The availability of data, systems and IT infrastructure,
- Other national requirements already in place in the specific country. This could add some elements of efficiency if processes in place are similar/relevant OR it could add additional complexity if they are not.

Although it is difficult to estimate, if indeed the regulation adopts an approach with the calculation of numerous indicators, there will be a significant project cost for actuarial teams, followed by a running cost including the calculation of indicators, their processing, and analysis.

This would be even more time-consuming if certain indicators were ambiguous, their relevance unproven, and their interpretation subject to discussion. In a small team, it is estimated that the loss of capacity could amount to 10 to 20 man-days, for a very small range of products (around ten), which is already significant, but can take on major proportions for larger portfolios.

Contact

[Contact Form](#)