

VVO's view on current EU legislative projects

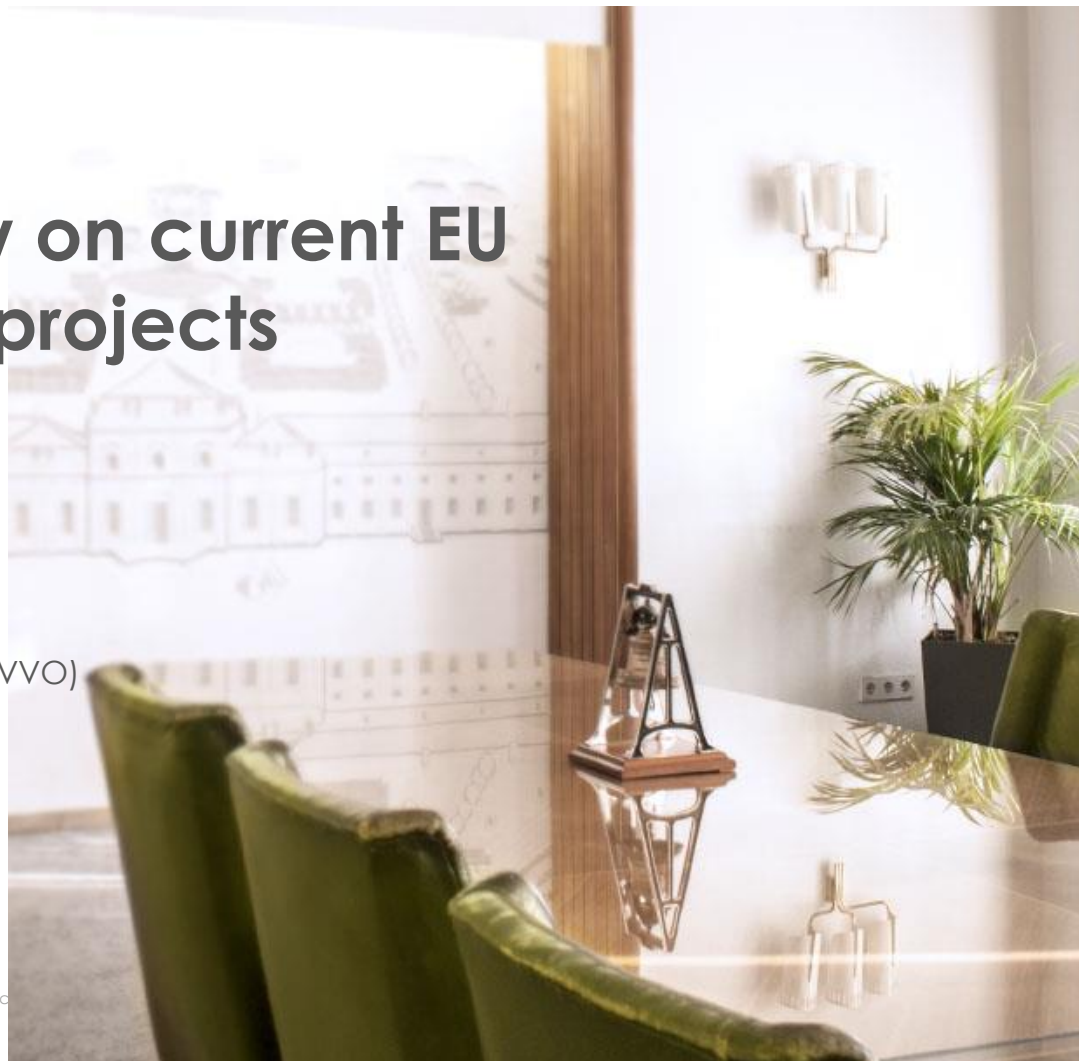
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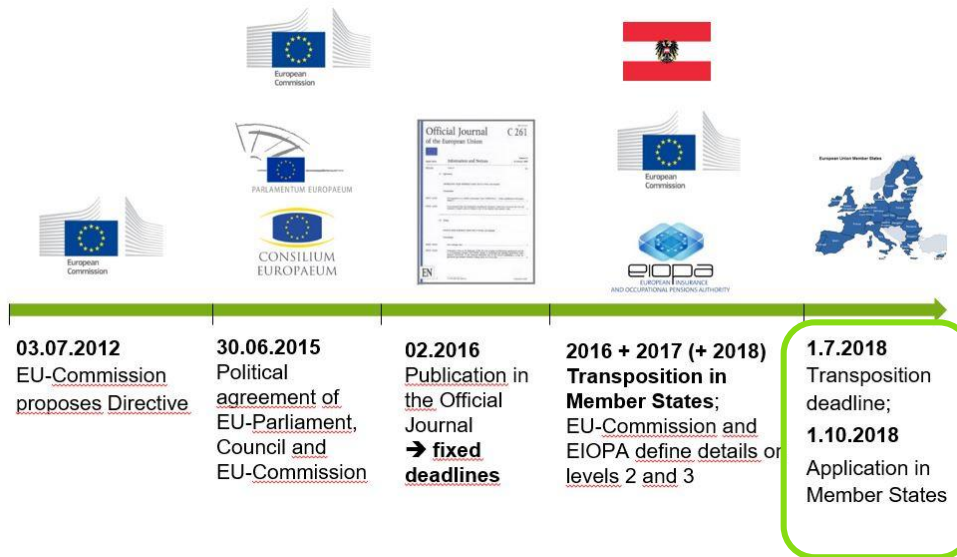
Agenda

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- IDD
- PEPP
- ESAs Review
- Review of MID
- Sustainable Finance
- NatCat
- #Data4Drivers

Insurance Distribution Directive (IDD)



- Austrian implementation Act (VAG 2016) approved on 21 March in parliament and published in official journal in April 2018
- Still pending: Draft of Ministry of Economy (Industrial code for intermediaries)

LESSONS LEARNED



Consumer's purchase of an Insurance-based investment product

EU disclosure requirements including duplications (on-line sale by a broker)

Sales disclosures

Product disclosures

IMD (9)

Life directive (20)

Data protection directive (4)

Distance marketing directive (29)

E-commerce directive (17)

Yesterday: 79

IDD (36)

PRIIPs regulation (27)

Solvency II directive (39)

General data protection regulation (13)

Distance marketing directive (29)

E-commerce directive (17)

Tomorrow: 161

Sales disclosures

Product disclosures

1

European Parliament
& Council

Basic legal act
(Directive, Regulation)

2

European
Commission

Delegated Acts
(Directive, Regulation)

Implementing Acts

Regulatory
Technical Standards

Implementing
Technical Standards

3

EIOPA

Guidelines

Recommendations



IDD: Challenges in CEE

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- **Group insurance contracts** (group insurance policyholders are customers, no distributors)
- **Ancillary insurance intermediaries** (are an own category of distributors but no “sub-intermediary” or “auxiliary intermediary”)
- **Target market** (definition criteria and difference to market segmentation for marketing purposes that is much more granular)
- **Conflicts of interest rules** (standard scenarios a and b are directly copied from MiFID II and almost non-applicable to insurers)
- **Consumer vs. corporate business** (protection rules intended for consumers shouldn't be applied to corporates)

Pan European Pension Product (PEPP)



Legislative proposal by European Commission (EC) on 29 June 2017



- In addition to national pension products of pillar 3 on entire single market
- Offered by insurers, banks and investment funds
- Cross-border portability
- EU legislative process in progress and should be finalized before EP elections in May 2019

PEPP: Key issues



- Life-long annuity payments not obligatory
- Different consumer protection standards between types of providers
- Biometric risk component only option

- Change of investment option
- Comparison criteria in PEPP-KID
- No implementation phase

PEPP

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VVO's perspective on PEPP



- Truly **long-term product** to deliver high value to savers
- Real **pension product** with **lifelong annuities** to address the pension gap
- **Compulsory** rather than optional coverage of **biometric risks**
- **Same level of capital protection** irrespective of PEPP provider's licence
- **Level Playing field** among all PEPP providers
- Complexity must **not** lead to **only big players** being able to provide a PEPP
- **Pre-contractual information** requirements must be tailored to the very **specific nature of personal pensions**
- **Mass-product**, not an elite one
- **Tax incentives** will be **essential**



PENSION
FEATURES



PORTABILITY



LONG-TERM



SAFETY



INFORMATION

ESAs Review



European Supervisory Authorities - ESAs (**EIOPA**, EBA and ESMA)

Legislative proposal of EC on 20 September 2017



- Governance
- Tasks and Powers
- Funding

EU legislative process has started
Finalized before EP elections in May 2019??

WHAT ARE THE MAIN CHANGES PROPOSED?



Better coordination of supervision across the EU



More efficient decision-making with clear EU focus



Enhancing the means for effective supervision



First steps towards a single capital markets supervisor



ESAs to be funded not only by taxpayers but also by industry



ESAs to promote work on FinTech and sustainable finance



A more effective European Systemic Risk Board



ESAs Review

- Small and diversified markets need supervisor which is fully embedded in European structures AND **close to local market specificities**



ESAs Review: Priorities of VVO



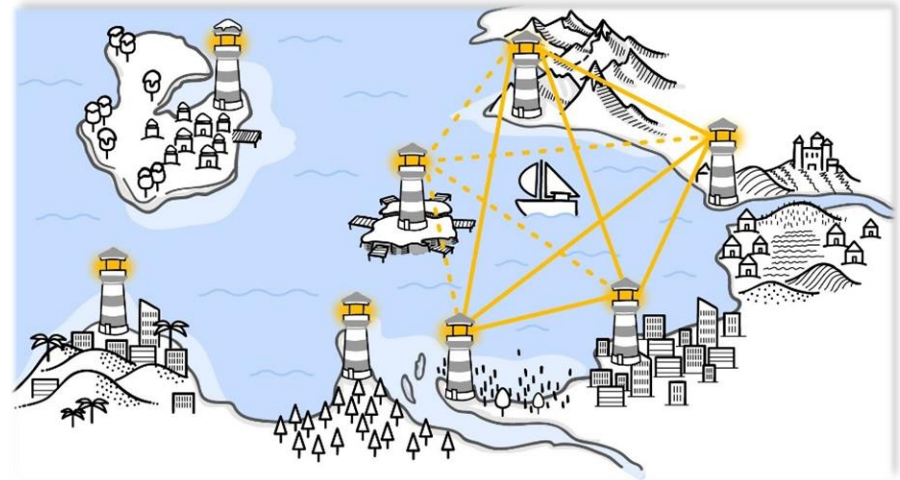
European system of insurance supervision with strong role of national supervisory authorities (NCAs) and colleges of supervisors

- Local specificities (e.g. civil law, pension systems)
- Local expertise
- Local accountability

Optimization of BUT no additional tasks and powers for EIOPA

Assistance of EIOPA (e.g. internal models, mediation in FOS conflicts)

Data flow to EIOPA channeled through NCAs



ESAs Review: Priorities of VVO

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Legal certainty for consumers and insurers

- Important role for EIOPA to assure consistent application of insurance regulation in case of breach of Union law and effectively manage conflicts of interest (Article 17)

Transparency and democratic control

Funding:

- EP and Council approve budget and work program of EIOPA
- Direct funding of financial institutes only through NCAs

Governance:

- Control function of EP, NCAs und stakeholder group in EIOPA's governance bodies

Review of Motor Insurance Directive (MID)

- Public consultation of EC until October 2017
- **Legislative proposal of EC still in May 2018 (?!?)**



- Implementation of „Vnuk case“ of European Court of Justice on MTPL scope
- Motor insurance guarantee funds
- European claims history statement
- Minimum amounts of cover

MTPL scope

No obligation to insure for **vehicles used outside public road traffic**
for industry, construction, agriculture and motor sports?



Motor guarantee funds



- **Extending the mandatory cover**
from uninsured and unidentified vehicles to the **insolvency of insurers including organisational requirements**
- **Geographical scope**
Home AND host country (FOS)?
- **Target level**
e.g. 1.2% of the gross written premium?
- **Method of funding by insurers**
Contributions based on market share and/or risk?
Ex ante / ex post / hybrid?
Funding period of 10 years?
- **Legal carrier & administration body**
National insurance association?
Motor Insurers' Bureau?
Insurance supervisory authority for Guarantee Funds?

Claims history statements

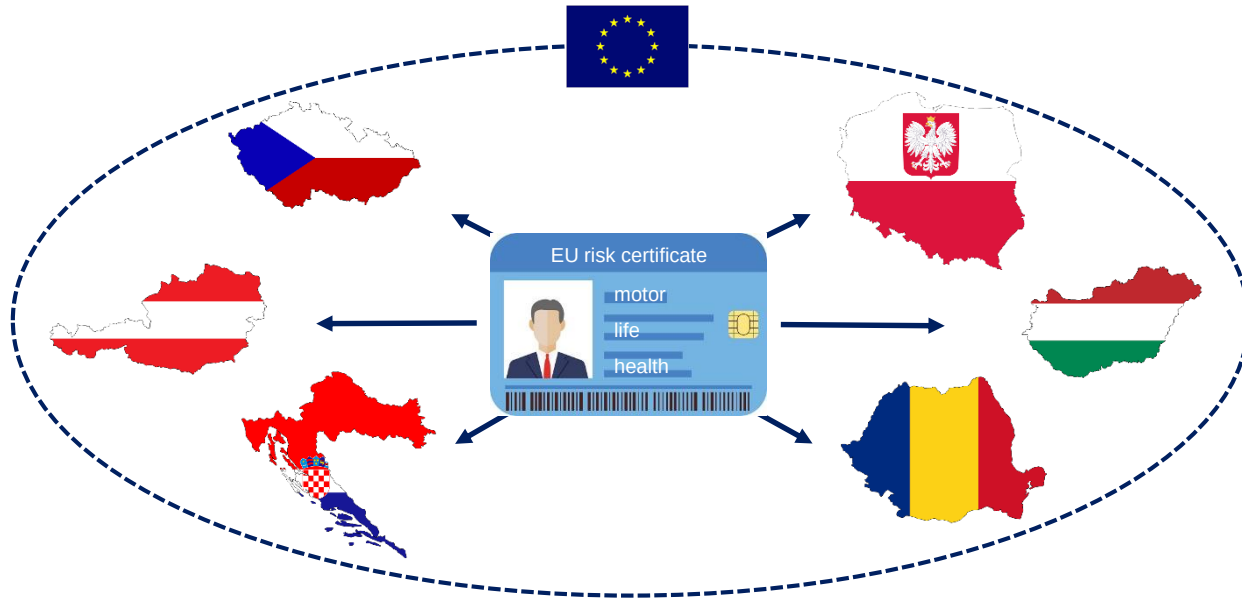
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Standardising the format and contents by EIOPA could trigger a harmonisation of methodologies of **calculation of discounts**



¹ Directive 2009/103/EC relating to insurance against civil liability in respect of the use of motor vehicles, and the enforcement of the obligation to insure against such liability, Art 16

Single market – same risk?





Sustainable Finance

- **Actionplan of EC on 7 March 2018**

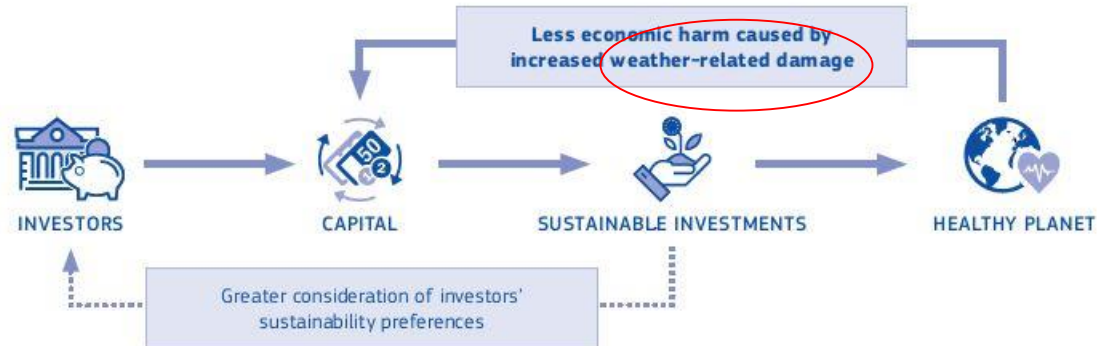


- 27 legislative and non-legislative measures of EC until Q2 2019
- Climate change and long-term challenges in the area of sustainability require reformation of the financial system
- *Aspects of sustainability embedded into the regulatory and financial framework of the EU*
- Single classification system (taxonomy)
- EU label for „green“ financial products
- Advice for consumers according to sustainability preferences
- Sustainability included in prudential requirements
- **Principle diminsions for insurers: Solvency II (2020 Review), IDD (Level2 delegated acts)**

Sustainable Finance: Key issues



- From „Nice to have“ to „Must have“
- Riskfree „green“ investments?
- Social aspects underrepresented
- EU label for „brown“ financial products?
- Included in disclosure of institutional investors?



Insurance of natural catastrophes (NatCat)



- 2002: NatCat damages insured in Austria on the basis of risk evaluation tool HORA (start 2006)
- June 2013: green paper of EC incl. consultation
- **Since then no further steps (not on agenda of EC Juncker)**

VVO's position:



- NatCat insurance module as a mandatory, nationwide add-on to fire insurance (market penetration > 90%)
- 100% coverage of all damages resulting from natural catastrophes

#Data4Drivers

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#Data4Drivers

www.data4drivers.eu

I want to control my vehicle data, so the EU must act now

The #Data4Drivers campaign is calling on EU policymakers to act to ensure that drivers — rather than vehicle manufacturers — control who can access their vehicle data and for what purpose.

Sign the #Data4Drivers petition here

Firstname	Surname	E-mail
Country *		
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