



INSURANCE EUROPE COMMENTS ON COUNCIL PRESIDENCY COMPROMISE 28 MAY

Insurance Europe strongly supports improving consumer information and believes many of the changes introduced in the Council's 28 May compromise text enhance the EC proposal in this respect. Insurance Europe fully supports the exclusion of all pension products because their specific characteristics require different information disclosures which can be addressed more appropriately outside PRIPs. Insurance Europe also welcomes the amendments to Article 11 aligning the liability regime with the UCITS limited liability regime. However, Insurance Europe maintains the following key concerns for the insurance sector:

- **Life insurance products.** Insurance Europe welcomes the compromise's aim to clarify the scope of the Regulation as it applies to insurance products and fully supports Article 2.ac. However, we believe some uncertainties remain:
 - **Critical illness and pure protection products (eg, death cover).** We support that these products should be excluded from the scope of PRIPs (Article 2.aa). However, in addition to the insurance promise, these products sometimes also pay back the amount of reserves when the insured event happens. The final insurance pay-out can therefore be subject to fluctuations. These products, however, do not have any characteristics of an investment product and should therefore be excluded from the scope of PRIPs. Insurance Europe suggests deleting "*and the amount repayable to the investor is not subject to fluctuation*".
 - **Products offering a maturity value.** Insurance Europe does support that products not offering a maturity value are excluded from the scope of PRIPs. However, certain pure protection products, ie products that do not have the characteristics of an investment, offer a maturity value. Including such products in the scope of PRIPs will not result in consumers better understanding these products as the KID does not provide information on the key features of these products. Insurance Europe therefore suggests further clarifying the scope as follows in Article 2.ab: "*life insurance products which do not offer a surrender or maturity value or pure protection insurance products*".
- **Insurance specific features.** Insurance Europe is concerned that consumers are deprived from fully understanding and comparing PRIPs products if not all PRIPs have to disclose whether or not they offer insurance benefits. Insurance Europe therefore suggests re-wording Article 8.3(b)(iv) as follows: "*whether or not the PRIP offers insurance benefits, and if so, details of these insurance benefits*".
- **KID flexibility.** Insurance Europe supports the flexibility introduced in Article 6.2a and Article 8.7a recognising that, when the customer has a choice of different underlying funds, it is appropriate to distinguish between product and fund level information. This distinction allows consumers to understand the product's structure and aids them in choosing the underlying funds. However, this flexibility also requires that there is some flexibility in the order of the KID's information. Insurance Europe therefore objects the "set order" required in Article 8.5 and suggests Article 8.5 cross-refers to the derogation in Article 6.2a for those instances where a separation of information into information regarding the investment product in general and regarding the different investment options is permitted.
- **Duplication of Solvency II information.** Insurance Europe welcomes the amendment to Article 3.2 that the KID satisfies the requirement laid down in Article 185(4) of Solvency II. We however believe that the following Solvency II requirements can also be met by the KID: Article 185.2 regarding the undertaking's information (Article 8.2(a) PRIPs), Article 185.3(b) regarding the contract's term (Article 8.2(b)(v) PRIPs), Article 185.3(c) regarding terminating the contract (Article 8.2(d) PRIPs), and Article 185.3(d) regarding the means of payments of premiums and duration of premiums (Article 8.2(f) PRIPs).