

To: Public Affairs & Communications Committee; Conduct of Business Committee; Distribution PG

EIOPA issues recommendations to improve consumer protection in the unit-linked market

Latest developments

EIOPA published today an [Opinion](#) on monetary incentives and remuneration between providers of asset management services and insurance undertakings.

The Opinion is addressed to National Competent Authorities (NCAs) with the aim of promoting consistent supervisory practices, to support insurance undertakings in addressing the conflicts of interest resulting from the monetary incentives and to ensure that sound principles are used in managing unit-linked products. It is a follow-up to EIOPA's [thematic review](#) published on 26 April 2017.

In its Opinion, EIOPA reminds NCAs that both the IDD and Solvency II set out principles for insurance undertakings to act in accordance with the best interests of their customers. The principles apply to conflicts of interest, including those resulting from monetary incentives received from asset managers and to how the assets of unit-linked policies are managed.

EIOPA advises NCAs to take the necessary and proportionate supervisory actions to:

- emphasise to insurance undertakings that monetary incentives received from asset managers may be a source of conflicts of interest and that appropriate steps to prevent, identify, mitigate and manage the resulting conflicts of interest should be taken, considering the principles set out in the IDD;
- provide guidance to insurance undertakings on possible organisational or administrative arrangements to prevent conflicts of interest from adversely affecting the interests of policyholders;
- provide guidance on measures to manage assets of unit-linked policies in the best interest of policyholders in accordance with the principles set out in the IDD and Solvency II;
- ensure that customers are provided with appropriate information on the nature and criteria used by insurance undertakings for the selection of underlying funds on offer.

EIOPA requests NCAs to provide feedback, within six months of the latest application date of either the IDD, the PRIIPs Regulation, or the IDD delegated regulations, on regulatory or supervisory actions taken on the basis of the Opinion and to report to EIOPA if and how domestic market practices have evolved.

For more info

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