

**Comments Template on  
Consultation Paper on the proposal for Guidelines  
on product oversight & governance arrangements by  
insurance undertakings**

**Deadline  
23 January 2015  
23:59 CET**

Name of Company:	Danish Insurance Association (DIA)	
Disclosure of comments:	Please indicate if your comments should be treated as confidential:	Confidential/Public
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> <li>⇒ Please insert the name of your NCA in the box next to "Name of Company";</li> <li>⇒ <u>Do <b>not</b> change the page numbering</u> in the column "reference"</li> <li>⇒ Leave the last column <u>empty</u>.</li> <li>⇒ Please fill in your comment in the relevant row, giving reference to the paragraph number where given. If you have <u>no comment</u> on a paragraph or a cell, keep the row <u>empty</u>.</li> <li>⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below.</li> </ul> <p><b>Please send the completed template, in Word Format, to CP-14-039@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.</b></p> <p>The page numbering refers to the Consultation Paper on the proposal for Guidelines on product oversight &amp; governance arrangements by insurance undertakings.</p>		
<b>Reference</b>	<b>Comment</b>	
General Comment	<p>In general, the Danish Insurance Association (DIA) supports the scope introduced by EIOPA in the Guidelines. It is in everyone's interest that insurance companies bring appropriate products to the market. It is, of course, in the interest of the insurance undertakings that customers are in focus and that they are introduced to products where customers' needs have been considered prior to the introduction to the market. That is also why consumer needs are already an essential factor in the insurance undertaking's internal product design processes. The alternative is that either the product is not sold or the company suffers a reputational risk.</p>	

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However, the DIA has some general comments to the Consultation Paper as we are of the opinion that the current need for the proposed guidelines is still to be identified.

Please note that the DIA supports the comments made by Insurance Europe in their consultation.

The need for new regulation on product oversight and governance (POG).

In general we find, that there is a lack of examples on situations where these guidelines in fact fill a gap - where POG regulation is missing. As for the (few) examples known, where products should not have been brought to the market, the national authorities (as far as we know) have already filled in the missing regulation. Furthermore, the initiatives regarding POG mechanisms in the insurance sector presented by EIOPA seem strongly inspired by the securities and banking sectors.

If these guidelines are being adopted, we suggest that compulsive insurances required by law are excluded from the scope as they are already subject to a large number of requirements.

Increased administrative burdens without increased value for consumers (Proportionality)

When introducing guidelines of this type that will generate considerable administrative burdens and significant costs it is essential that costs and expected benefits are carefully and objectively analysed and balanced.

Since it is difficult to find examples of insurance products that would and should have been avoided with the new guidelines, not just from a Danish perspective ("modern" insurance were introduced in 1731 in Denmark and there has not yet been problems with the products introduced to the market) it is difficult to see the increased value to the consumer. Focus on the needs of the customer is already a natural and unavoidable part of product development in the insurance business, which is why there are internal processes ensuring this. Thus, DIA fears that introduction of documentation requirements will only trigger price-raising organizational demands and resource changes compared to the current situation seeing as there is a difference

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	<p>between having internal processes and having to fulfill a range of documentation requirements.</p> <p>The lack of flexibility in the level of documentation also entails that i.e. small companies will be more afflicted by the documentation requirements than large companies. This could result in a distortion as regards the opportunity to develop new products, since it could prove to be disproportionately costly for small companies to develop new products.</p> <p><u>Legal base</u> We do not agree that it is possible to base the proposed guidelines upon Article 40 and Article 41(1) of the Solvency II Directive 2009/138/EC as the POG guidelines have a different objective.</p> <p><u>The relation to IMD2</u> IMD2, which is currently being negotiated, will introduce the option of delegated legislation acts on product oversight. It does not seem expedient that EIOPA chooses to publish guidelines on product oversight before the [level 2] rules in the scope of IMD2 are finished being negotiated. The risk of disagreements or interpretation doubts regarding two sets of rules is great and should be avoided. At the same time it is unclear how the two sets of rules will interact, i.e. if they are meant to function separately or jointly. This issue should be addressed specifically.</p>	
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