

**Comments Template on EIOPA-CP 13/016  
 Consultation Paper on a Draft Report on Good Supervisory Practices regarding  
 knowledge and ability requirements for distributors of insurance products**

**Deadline  
 23 September 2013  
 12:00 CET**

Company name:	Nordic Financial Unions (NFU)	
Disclosure of comments:	EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential.  <i>Please indicate if your comments on this CP should be treated as confidential, by deleting the word <b>Public</b> in the column to the right and by inserting the word <b>Confidential</b>.</i>	Public/ <del>Confidential</del>

**Please follow the instructions for filling in the template:**

- ⇒ Do **not** change the numbering in column "Reference", or any other formatting in the file.
- ⇒ Please fill in your comment in the relevant row. If you have no comment on a paragraph, keep the row empty. Please do not delete rows in the table.
- ⇒ Our IT tool does not allow processing of comments which do not refer to the specific paragraph numbers below.
  - If your comment refers to multiple paragraphs, please insert your comment at the first relevant paragraph and mention in your comment to which other paragraphs this also applies.
  - If your comment refers to sub-bullets/sub-paragraphs, please indicate this in the comment relating to the corresponding paragraph.

**Please send the completed template to [CP-13-016@eiopa.europa.eu](mailto:CP-13-016@eiopa.europa.eu), in MS Word Format, (our IT tool does not allow processing of any other formats).**

**For your convenience, the complete list of questions is outlined below:**

1. *Does this Report address the most relevant issues? If not, what other aspects should EIOPA consider?*
2. *Is this Report helpful in informing the debate over appropriate knowledge and ability requirements for distributors of insurance products (particularly, in the light of the current*

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*negotiation of the IMD2 proposal)?*

3. *Do you consider that the high-level principles cover the right aspects of knowledge and ability?*
4. *Does the section on continuous professional development (CPD) cover the most relevant issues?*
5. *What do you think of EIOPA's suggestion, as an example of a minimum level of CPD, of 30 hours study activities within a period of 3 years (or an equivalent amount on an annual basis)?*

<b>Reference</b>	<b>Comment</b>	
General Comment	<p>NFU welcomes the possibility to reply to the EIOPA consultation paper on knowledge and ability requirements for insurance distributors and supports the aim of developing good supervisory practices in this field to prevent regulatory arbitrage.</p> <p>We believe that clarifying and strengthening knowledge and ability requirements will ensure that the employees feel more secure in a sales and advice situation, which also ameliorates the health and safety situation at the workplace.</p> <p>Currently insurance undertakings and their staff meet knowledge and ability requirements in a variety of different ways, such as under national labour law. Harmonisation is important to ensure that there is a level playing field in place, however efficient national structures should not be undermined by any new EU-level standards. Therefore the clarification under 2.3.2 is welcome.</p> <p>NFU has proposed amendments to Recital 22 and Article 8.1 in the IMD II proposal which correspond to the in plenary adopted Recital 52b and Article 25 in MiFID II. These stress the need to ensure that a sufficient level of qualifications must be ensured for staff providing insurance policies and that continuous training and competence development must be the responsibility of the company and not the individual employee.</p>	

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<p>Q1.</p>	<p>The report is very relevant and covers important issues.</p> <p>NFU believes that there is a need for harmonisation of the principles proposed with other fields of the financial industry since insurance products can be sold by employees also covered by MiFID. Educational demands should differ depending on what products that are being sold, who is selling them and who the customer is – with the product being the main factor. Geared towards a certain type of product, the basic principles should also include MiFID and PRIIPS to be specified in RTS or ITS. It is therefore important that this work is coordinated across the ESAs. This relates also to the timing of the issuance of the high-level principles which preferably should be joint general principles by the ESAs and thereafter specified by the individual ESAs. This is important as the customer being sold MiFID products might at the same time be sold IMD products.</p>	
<p>Q2.</p>	<p>An important factor, acknowledged under 2.2.4, is to allow flexibility for member states. Especially since in the Nordic countries a high proportion of insurances are sold by insurance specific companies. Furthermore it needs to be ensured that efficient national structures are not undermined by the implementation of new standards.</p>	
<p>Q3.</p>	<p>In general NFU agrees with the aspects of knowledge and ability as described in the report. However as stated under Q1 knowledge and ability requirements need to be adapted to the complexity and type of products.</p> <p>Furthermore the requirements listed need to be proportionate to the role of the insurance intermediary and the risks related to the products sold. This would lower the administrative burden put on the employee.</p> <p>Under 3.3.6 regarding what competent authorities can require a distributor to demonstrate these should be seen as good practice rather than explicit demands. The way it is currently formulated puts all the responsibility on the client relationship officer. For example clients may voluntarily or involuntarily provide misinformation and may refuse or omit to disclose information relevant for the</p>	

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	selection of suitable product. When defining behavioural aspects, judgement and performance measurements may become arbitrary.	
Q4.	<p>The proposed amendments to IMD II, listed under general remarks, stress the need to ensure that a sufficient level of qualifications must be ensured for staff providing insurance policies and that continuous training and competence development must be the responsibility of the company and not the individual employee. Therefore, under 4.2.3 "How?" this should be clearly stated.</p> <p>Further under 4.2.3 NFU believes that some caution is needed regarding e-learning as this may discourage insurance undertakings to carry out their duty to provide training to their staff. Every employee has the right to receive the training necessary to fulfil the job he/she is doing<sup>1</sup>.</p> <p>4.3.12-13: Ensuring that adequate CPD is offered by the employer is further linked to the question of sanctions. An employee should never have to face sanctions for having followed internal rules. If the employer is made responsible for the further education of the staff then this problem is more easily avoided.</p>	
Q5.	<p>Recognising the need for providing guidelines, NFU rather supports a concrete outcome-oriented approach rather than defining a certain number of hours as this is solely a quantitative measure. The focus should rather be on the levels, how the national authorities set up the tests ensuring that they live up to the educational level of NQF 3.</p> <p>Every three years is a reasonable period.</p>	

<sup>1</sup> For more information see the joint publication on lifelong learning by the European social partners in the insurance sector (UNI Europa Finance, Insurance Europe, Amice and Bipar): ["Combating the demographic challenge in the insurance sector: A selection of initiatives in Europe"](#), 2010.