

**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:	Federation of Finnish Financial Services	
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 Public in the column to the right and by inserting the word Confidential.</i>	Public/Confidential

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, 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)?*

Reference	Comment	
General Comment	The Federation of Finnish Financial Services (the FFI) holds the view that the satisfactory level of knowledge and ability of all sales persons in the financial services is of crucial importance. The financial institutions compete with each other with good quality sales processes. Clients are more and more asking for good service. The requirements for the regulatory compliance are all the time getting tougher because of the growing and complex regulatory scheme in financial services. In addition, the supervisory authorities put more emphasis on the fulfilment of conduct of business rules and good quality sales processes.	
Q1.		
Q2.	<p>Against the background described in the general comments, the FFI is supportive of the work to create high level principles for the knowledge and ability of persons working for different sales channels in the insurance sector. The FFI would like to point out however, that this should be done in priority in the field of the current Commission proposal on the review of the Insurance Mediation Directive (IMD2).</p> <p>In our response, we concentrate on commenting the future rules related to insurance agents and insurance companies' own sales staff.</p> <p>We find very important that the future directive, future EIOPA guidelines or high level principles do</p>	

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	<p>not establish detailed requirements for setting the level of knowledge and ability or a certain certification procedure in a Member State. Insurance companies should be responsible for setting their professional qualification requirements and monitoring them, because the companies are responsible for the competence of their sales employees and agents and for any mistakes that occur in the sales. The level of professional knowledge and ability should be set together with the national supervisor, taking into account the national specificities in training, compliance and monitoring systems. The same holds for the supervision of the continuous professional development.</p> <p>In FFI's opinion it is very important to preserve the right of insurance companies to make their own decisions on the recruiting and training of its employees and agents, because it is one of the prerequisites for free competition. In addition, the insurance company is directly liable for the actions of its' own sales staff and agents. For example the Finnish Insurance Contracts Act (543/1994), Section 9, imposes insurance companies with extensive responsibility for the information its employees and agents disclose in situations which concern the forming of insurance contracts. This provision ascertains that insurance companies see to the sufficient proficiency of their employees and agents.</p> <p>In addition, the FFI holds that the heavy obligations of investigating and verifying competence and reputation will lead to unnecessary administrative burden for insurance companies as well as for financial supervisors. We feel even the current registration process for insurance companies agents has created undue administrative burden for national supervisors and insurance companies, and this burden should not be added further.</p>	
Q3.	<p>We feel the draft principles cover the right aspects of knowledge and ability. As explained in our answer to question 2., we prefer high level principles which provide the necessary flexibility required in national circumstances. In this respect we are worried about too detailed examples in the report, particularly in the chapter 4.3 regarding the proof of continuous professional development and the oversight of CPD. The report should include high level principles only. This answer refers also to paragraph 4.</p>	
Q4.		
Q5.	<p>We feel the report should not set specific requirements for certain level of study hours during a</p>	

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certain period of time. Current training systems in the insurance companies take different forms and are based on different methods. The development of it-systems will in the near future have an impact on the ways and possibilities to create new learning environments and the ways to monitor them. Flexible EIOPA supervisory practices will provide good basis for this development.