

The portability service must work for small and large providers alike to foster competition in a truly integrated EU single market for pensions



1

The insurance industry welcomes the European Commission's commitment to removing existing barriers and creating a genuine single market for personal pensions

Insurance Europe particularly welcomes Article 2 of the European Commission's proposal for a pan-European personal pension product, which identifies the PEPP as being a "long-term savings personal pension product (...) subscribed in view of retirement".

In 2015:¹

- **11.3 million** EU28 citizens of working age (20-64 years old) were residing in a member state other than their country of citizenship (ie 3.7% of the EU's total working age population)
- **1.3 million** EU28 citizens were working in a member state other than the country in which they reside (ie 0.6% of the EU's total active population)
- **1.4 million** retired EU28 citizens were living in a member state other than their country of citizenship
- the number of EU28 and EFTA citizens of working age residing in a member state other than their country of citizenship had increased by 5.3% compared to 2014

2

The requirement to have one compartment for each member state raises feasibility issues for most EU providers

Despite rising labour mobility, the proportion of mobile Europeans remains low. Insurance Europe therefore believes that the objective of fostering better pension portability, while important and justified, should not take precedence over the need to increase the number of citizens benefiting from private pensions.

As proposed, the compartment approach (Articles 12 and following) is too complex and burdensome. In particular, according to Article 13(3), PEPP providers are required to have one "compartment" per member state within three years of the entry into force of the regulation to enable PEPP purchasers to save throughout the EU. This creates a huge burden, as PEPP providers will need the knowledge and resources to handle all the different languages, legal requirements, taxation frameworks and so on.

The inevitable result will be that PEPPs are offered only by a handful of the very largest companies, meaning less competition in practice, rather than more. Such an approach would also ultimately increase costs, thus harming PEPPs' uptake at national level.

¹ "2016 Annual Report on intra-EU Labour Mobility", European Commission, May 2017

Insurance Europe recommendations

With a long track record of tackling demographic challenges, life insurers are major providers of personal pension products that consumers can trust.

Based on its long-standing experience, the insurance industry stands ready to work with EU policymakers to make the PEPP a workable and safe tool for EU consumers without any unintended consequences for Europe's pension landscape.

Insurance Europe proposes the following solutions:

- **Articles 12 and following**

- PEPP providers should be allowed to select which national compartments they would like to offer to PEPP savers, taking into account local demand and needs.
- In situations where a compartment might not be offered by a particular provider, the PEPP saver should be offered the possibility to switch to another provider.

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Insurance Europe is the European insurance and reinsurance federation. Through its 35 member bodies — the national insurance associations — it represents insurance and reinsurance undertakings that account for around 95% of total European premium income.