

PRIIPs implementation timeframe – extension required

Insurance Europe supports the aim of the Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation's to enhance consumer protection and comparability of PRIIPs. Insurance Europe also welcomes the fact that, in the future, retail investors in the EU will receive an information document containing the key features of the PRIIPs, in the form of a Key Information Document (KID).

However, Insurance Europe is very concerned about the unrealistically short period for the industry to implement the KID for PRIIPs.

There will only be 3 to 4 months between the publication of the final regulatory technical standards (RTS) – defining key elements of the KID – and its legal implementation for all insurance-based investment products according to the current level 1 deadlines and taking into account the Commission's adoption of the draft RTS as well as the European Parliament and Council's period for objection.

A 3 to 4 months implementation timeframe is too short.

Unfinished business - ongoing consultations

The final stage of defining technical specifications, programming, testing and launching by the industry can only begin once there is absolute certainty over the final presentation and content of the KID. The complex risk indicators for different classes of products, cost indicators and performance scenarios have been (and still are), however, the object of no less than three consultations and different proposed methodologies from the European Supervisory Authorities (ESAs) between November 2014 and February 2016. Considering the implementation of these complex methods, it has now become apparent that the time needed for the appropriate implementation of the KID has been underestimated.

Complexity of the implementation challenge

As the regulation seeks to ensure comparability between as many products as possible, the provisions of the level 1 text will result in very complex implementation methods for manufacturers. These methods will require important modifications to IT systems which technically cannot be achieved in only a few months.

A one-year extension of the PRIIPs Regulation application date is required to ensure that customers receive the best outcome.

The insurance sector needs sufficient time to program, test and launch the PRIIPs KID correctly, to ensure that it delivers its objectives and facilitates consumers' ability to better compare and understand these products.

Level 2 and 3 measures need to be taken into account when defining implementation deadlines.

As this is a recurring problem that extends beyond the PRIIPs, Insurance Europe strongly recommends that policy makers consider an additional separate timeframe for the technical standards to be developed and for the implementation by the industry. This will ensure sufficient time for implementation and will prevent future extensions and delays.

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