## Product oversight and governance requirements for insurance undertakings and insurance distributors

2017/2854(DEA) - 25/10/2017 - Text adopted by Parliament, single reading

The European Parliament **decided to raise no objections** to the Commission delegated regulation of 21 September 2017 supplementing Directive (EU) 2016/97 of the European Parliament and of the Council with regard to product oversight and governance requirements for insurance undertakings and insurance distributors.

As a reminder, <u>Directive (EU) 2016/97</u> on insurance distribution ("IDD") provides an updated harmonised legal framework governing the rules applicable to the distribution of insurance and reinsurance products, including insurance-based investment products. It aims at enhancing protection of consumers and retail investors buying insurance products or insurance-based investment products.

IDD introduces **generalised product oversight and governance (POG)** into EU insurance distribution law. The POG rules will be mainly addressed to manufacturers of insurance products, who will be obliged to operate a POG policy in order to ensure on a continuous basis that all insurance products marketed are appropriate for their specific target market.

The delegated Regulation specifies the criteria and practical details for the application of the POG rules.

Given that the delegated regulation should apply from 23 February 2018, the application date of Directive (EU) 2016/97, Parliament considered that the full use of the three-month scrutiny period available to Parliament would not allow sufficient time for industry to implement the necessary technical and organisational changes.

Accordingly, Members felt that **swift publication of the delegated regulation in the Official Journal** would allow timely implementation of and legal certainty concerning the provisions applicable to product oversight and governance.

Whilst the deadline for transposition of Directive (EU) 2016/97 should remain 23 February 2018, Parliament asks the Commission to adopt a legislative proposal setting **the application date at 1 October 2018.**