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EIOPA Issues Document Regarding the Assessment of Value for Money of Unit-Linked Insurance Products Under Product Oversight and Governance

Background

One of the objectives of Product Oversight and Governance (POG) requirements is to ensure that the interests of customers are placed at the forefront of a product's design and subsequent distribution all throughout the product's lifecycle.

These regulatory requirements therefore ensure that insurance undertakings and intermediaries which act as manufacturers and/or distributors retain this 'customer-centric' approach. POG can be used as a tool to address product-related risks and issues while providing manufacturers and distributors with the ability to identify and mitigate such risks. This will in turn result in good consumer outcomes, meaning that developed products are aligned with the demands and needs of a specific target market.

Publication of EIOPA Document on the Assessment of Value for Money of Unit-Linked Insurance Products

The European Insurance and Occupational Pensions Authority (EIOPA) has issued a document to ensure that manufacturers and distributors' implementation of the POG rules follow common principles when assessing the value for money risks in the unit-linked insurance products as part of POG.

The document offers an overview of various aspects related to the assessment of value for money, namely the

- Close link between the target market's granularity and product complexity such that the more complex the product is, the more granular is the target market identification.
- Adequate and sufficient testing of the products' value for money
- Regular review of the costs and charges, the performance and the services offered
- Supervision of the POG process with regards to value for money in the unit-linked market

EIOPA's full publication regarding the assessment of value for money of unit-linked insurance products under POG can be found here.

Contacts

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