

Documento di consultazione n. 3/2022

SCHEMA DI REGOLAMENTO IVASS RECANTE DISPOSIZIONI IN MATERIA DI CONTRATTI DI ASSICURAZIONE DI CUI ALL'ARTICOLO 41, COMMI 1 E 2 DEL DECRETO LEGISLATIVO 7 SETTEMBRE 2005, N. 209 – RECANTE IL CODICE DELLE ASSICURAZIONI PRIVATE – E SUCCESSIVE MODIFICAZIONI E INTEGRAZIONI

Legenda

Nella riga "Commentatore" i singoli soggetti dovranno inserire la loro denominazione (anche in forma abbreviata).

Nella riga "Osservazioni generali" i singoli soggetti potranno inserire commenti di carattere generale.

Nelle colonne "Articolo", "Comma" e "Lettera" andranno inseriti, rispettivamente, l'articolo, il comma e la lettera cui si riferisce l'osservazione e la proposta di modifica.

Nella colonna "Osservazioni e proposte" andranno inserite le osservazioni specifiche e le proposte di modifica.

Commentatore	Society of Actuaries in Ireland
Osservazioni generali	<p>The Society of Actuaries in Ireland is the professional body representing the actuarial profession in Ireland. There are a number of life insurance companies prudentially regulated in Ireland which sell into the Italian market, and members of the Society of Actuaries in Ireland are employed by or advise these companies. The Society of Actuaries in Ireland has carefully considered the content of consultation paper 3/2022 (in addition to discussion paper 1/2022). While we wholeheartedly agree with the general objectives of consumer protection and cost transparency, we would like to raise a number of drawbacks in consultation paper 3/2022 with possibly unintended consequences which we have identified as potentially not being in the best interest of policyholders and therefore in contrast to these stated objectives. The drawbacks identified can be categorised within four key areas:</p> <ol style="list-style-type: none"> 1. EU harmonisation and consistency across Members States in the best interest of Consumers 2. Unequal treatment of internal group Asset Managers 3. Potential retrospective application 4. Prescription of definition of fund price

Articolo	Comma	Lettera	Osservazioni e proposte
3.	1.	b)	<p><u>EU harmonisation and consistency across Members States in the best interest of Consumers</u></p> <p>This proposed regulation is inconsistent with the scope and content of other regulations which have been drafted to enhance consumer protection while ensuring consistency and harmonisation across EU Member States. We believe that Solvency 2, IDD & PRIIPS, for example, are a strong and complementary suite of regulations which have enhanced consumer protection and transparency, while allowing innovation to meet market needs. In particular, we believe that the correct application of an effective product governance framework is of much greater value than an approach based on specific investment limits. In addition, we believe that the proposed regulation may potentially lead to inconsistencies with the aforementioned EU regulations, resulting in fragmentation of the EU market, and placing Italian consumers at a disadvantage relative to those of other EU member states.</p>
9.	1.		<p><u>Prescription of definition of fund price</u></p> <p>Article 9 prescribes very narrowly how the price of units should be set and we believe that this can both restrict customer centric product innovation and impede the efficient management of company finances. For example, in a number of jurisdictions, unit linked products can include elements of smoothing that are beneficial to retail clients. This smoothing would be prevented by the direct binding of the price to the underlying assets. Furthermore, although the prudent person principle of Solvency II requires companies to substantially match their unit linked liabilities with similar assets, it does not require them to match the full number of units in circulation. In cases where companies hold lower amounts, it would be incorrect to divide the value of assets by the number of outstanding units. Based on the above considerations we propose to remove the section relating to the exact matching of units to liabilities in article 9, point 1.</p>
10.	5.		<p><u>Unequal treatment of internal group Asset Managers – Internal Funds</u></p> <p>It appears to us that the proposed unequal treatment between internal group asset managers and those that are third parties has the potential to lead companies to choose external fund managers over internal ones. It is not obvious to us how this is in customers’ best interests as, in our experience,</p>

		<p>collaboration between companies and connected fund managers can lead to cost efficiencies and customer centric innovation. To ensure transparency, and to allow management costs to be compared on a like for like basis, we would propose to include ex-ante management costs for both internal and external asset managers in the disclosed annual management fees and to make no distinction between internal group and external fund management companies.</p>
33.	3.	<p><u>Unequal treatment of internal group Asset Managers – External Funds</u> It appears to us that the proposed unequal treatment between internal group asset managers and those that are third parties has the potential to lead companies to choose external fund managers over internal ones. It is not obvious to us how this is in customers’ best interests as, in our experience, collaboration between companies and connected fund managers can lead to cost efficiencies and customer centric innovation. To ensure transparency, and to allow management costs to be compared on a like for like basis, we would propose to include ex-ante management costs for both internal and external asset managers in the disclosed annual management fees and to make no distinction between internal group and external fund management companies.</p>
38.	2.	<p><u>Potential retrospective application</u> Retrospective application of regulations with such far reaching changes would have a significantly negative impact on the financial viability of insurance companies which have distributed unit-linked insurance products in the Italian market, which would not serve the best interests of customers. Insurance companies will have priced their products and set up fund characteristics based on the regulations in place at the time of policy issue. We propose that any changes to regulation only apply to policies issued after the regulations come into force.</p>