



To: Ms Mairead McGuinness, Commissioner for financial services, financial stability and CMU, European Commission

CC: Mr John Berrigan, Director-General DG FISMA
Mr Eric Ducoulombier, Head of Unit, DG FISMA B.3
Mr Didier Millerot, Head of Unit, DG FISMA D.4

Subject: Retail Investment Strategy

Brussels, 22 December 2022

Dear Commissioner McGuinness,

I write to you as I understand that the European Commission is currently considering different policy options to increase consumers' participation and confidence in financial markets as part of the Retail Investment Strategy (RIS) — and that this may include regulatory interventions on the remuneration of advisors.

The attached paper explains why an outright EU-wide ban on inducements could undermine the goals of the RIS, and why instead a combination of measures promoting transparency, value for money principles in product design and financial education would deliver more tangible benefits to consumers.

It is essential that the EU regulatory framework takes into account the societal benefits of insurance products and the diversity of European markets and recognises that European consumers value professional advice when investing.

Insurance products have unique features that can provide security and reassurance to investors. They can include unique risk-mitigating features (eg insurance cover, guarantees or capital protection mechanisms, flexibility of payments etc) that also allow vulnerable savers to participate in capital markets and enable consumers to better plan for the future.

The Insurance Distribution Directive (IDD) provides robust rules for the distribution of insurance products, allowing additional measures at national level if necessary. A minimum harmonisation Directive tailored for the insurance sector proved to be the best approach to respect local market structures and consumer behaviour and must be preserved.

I look forward to meeting you and your team to discuss these issues further in January.

I remain at your disposal for any questions or clarifications you may need.

Yours sincerely,

Andreas Brandstetter
President
Insurance Europe