

LETTER TO THE MARKET OF 27TH MARCH 2024 ON SUPERVISORY EXPECTATIONS REGARDING THE PRODUCT OVERSIGHT AND GOVERNANCE OF INSURANCE PRODUCTS (POG)

8th April 2024

During inspections carried out by IVASS a series of critical issues have arisen on the ways the manufacturers of insurance products have implemented the legislation on product oversight and governance (hereinafter "POG"). Therefore, by letter to the Market dated 27th March 2024, IVASS has decided to draw up no. 15 supervisory expectations on POG addressed to insurance companies and intermediaries which manufacture insurance products (so-called "manufacturers de facto") in order to promote the uniform and correct application of European and national legislation "in accordance with the principles of sound and prudent administration, transparency and fairness towards customers, ensuring, therefore, the maximum protection to customers, and in compliance with the principle of proportionality".

The no. 15 expectations concern:

- (i) The governance systems of the POG process;
- (ii) The criteria governing the identification of the target market;
- (iii) The analysis for the determination and measurement of the value of the product for the customer (Value for Money).

The expectations consist of general indications on the ways in which IVASS expects insurance undertakings and intermediaries (which manufacture insurance products) to comply with POG regulations.

The above expectations are therefore aimed not only at overcoming the deficiencies found by IVASS during the inspections, but also, and above all, at providing indications that may facilitate the correct application of the broad regulatory framework on POG.

The expectations are not binding, but IVASS has pointed out that companies that decide to adopt methods other than those indicated by the Institute must necessarily assess whether the solutions adopted are also consistent with the expectations published by IVASS.

In carrying out its supervisory activities, IVASS will in fact assess - "in order to ensure the progressive and gradual alignment of business practices" - whether the above-mentioned different solutions, adopted by Companies, meet the expectations of the Institute.

IVASS' letter to the Market is addressed, where compatible, to insurance undertakings with registered office in Italy, to insurance undertakings with registered office in another Member State but operating in Italy under the right of establishment or the freedom to provide services, to the Italian branch of insurance companies with registered office in third countries and to intermediaries which manufacture insurance products enrolled at the Single Register of Intermediaries or to the list attached to the Single Register of Intermediaries (which contains information on EU intermediaries licensed to pursue insurance and reinsurance mediation activity on the Italian territory).

For more details, please find hereinafter IVASS' letter (only in Italian) at the following link:

https://www.ivass.it/normativa/nazionale/secondaria-ivass/lettere/2024/lm-27-03-24/Lettera_al_mercato_del_27_03_2024.pdf

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This Newsletter just provides general information, not legal opinion or specific advice, and if you need guidance on the matters discussed or Italian jurisdiction please contact:

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