	Comments Template on Consultation Paper on Technical Advice on possible delegated acts concerning the Insurance Distribution Directive	Deadline 3 October 2016 18:00 CET
Name of Company:	**Bund der Versicherten (BdV – German Association of the Insured)**	
Disclosure of comments:	EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential. Please indicate if your comments on this CP should be treated as confidential, by deleting the word Public in the column to the right and by inserting the word Confidential.	Confidential/Public
	Please follow the following instructions for filling in the template: ⇨ Do **not** change the numbering in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool ⇨ Leave the last column empty. ⇨ Please fill in your comment in the relevant row. If you have no comment on a paragraph or a cell, keep the row empty. ⇨ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. **Please send the completed template, in Word Format, to CP-16-006@eiopa.europa.eu.** **Our IT tool does not allow processing of any other formats.** The numbering of the questions refers to the Consultation Paper on Technical Advice on possible delegated acts concerning the Insurance Distribution Directive	
Reference	**Comment**	
General Comment	As Germany's most important NGO of consumer protection related to private insurances (with about 50.000 members) we would like to thank EIOPA for the opportunity to publish comments on this consultation. We consider IDD as one of the most important legislative projects on EU level – besides KID for PRIIPs and PPP/PEPP – in order to enhance consumer protection which, as EIOPA has confirmed many times, is "at the centre of its strategy".	

IDD aiming only at a “minimum harmonizing” needs strong and precise Level 2 Delegated Acts, because in some Member States like Germany the already achieved level of consumer protection must not be lowered by the forthcoming national implementation of IDD. That is why we welcome this Draft Technical Advice mainly on POG, on inducements, and on suitability and appropriateness assessment.

But we do not see any practical use and advantage of so-called non-complex IBIPs (Q 19 to 21). Quite the contrary we definitely see the danger that the proposed criteria of non-complex IBIPs may be mis-used by manufacturers and by distributors in order to override the IDD regulation on suitability and appropriateness assessment as well as to counter-balance the PRIIPs-Regulation which tries to establish a level-playing field between retail investors products and insurance-based investment products. We clearly try to show how to minimize the importance of this product category, which may be useful for retail investor products but not for IBIPs.

Our comments on this consultation are of course deeply linked and updated to the comments we already had published on the former consultations related to IDD:

- Online survey in preparation of the Call for Advice from the European Commission on the delegated acts under the Insurance Distribution Directive, EIOPA, January 2016
- Proposal for Guidelines on product oversight & governance arrangements by insurance undertakings and insurance distributors, EIOPA, January 2016
- Guidelines for Cross-Selling Practices, ESAs, March 2015
- Proposal for Guidelines on product oversight & governance arrangements by insurance undertakings , EIOPA, January 2015
- Conflicts of Interest in direct and intermediated sales of insurance-based investment products, EIOPA, July and December 2014

Additionally we had elaborated comments on the two EIOPA consultations on PPP/PEPP in October 2015 and April 2016 as well as on KID for PRIIPs (EIOPA / ESAs, February and August 2015, January 2016). For further information EIOPA may take into consideration these comments or just contact us directly.

Question 1	As a consumer organization (NGO) our personal members get advice related to all issues of private insurances by paying an annual fee (60 Euro). As we do not sell any insurances, IDD will not have any impact on our turnover. But of course we will implement all information requirements related to demands and needs tests and to insurance product information documents for our advice services. For these services we already have such a high level of liability risk coverage, professional training and other juridicial standards that no additional costs will be entailed by IDD.	
Question 2	Yes, we agree that the policy proposals provide sufficient detail on product oversight and governance (POG). From the customer's perspective POG arrangements for distributors are as important as those for manufacturers. That is why we fully support the establishment of these arrangements at all. There must not be any difference of the level of consumer protection related to the status of the distributor (belonging to the product manufacturer or not, tied or independent etc.). Most important are the management rules of conflicts of interest, the assessment of target markets, product testing and monitoring, provisions of product and sale information by the manufacturers and the regular review of distribution strategies or arrangements. At least for the German insurance market, we confirm that these provisions are completely new and innovative, and therefore we fully agree upon them in order to minimize consumer detriment. That is why we strongly criticize the decision of the German NCA (BaFin) implementing EIOPA's Preparatory POG Guidelines which have been published in April 2016, only from February 2018 on when IDD will enter into force definitely. The identification of target markets not only for simple marketing reasons, but as an obligation for the distribution channels to follow, constitutes an innovation of immense importance for insurers. The obligatory identification of groups of consumers for which the product is considered not to meet their interests, objectives and characteristics will be a fundamental provision reducing mis-selling practices. This constitutes an essential step to a level playing field between insurers and investment companies offering their products. More details of our critical view on current distribution practices you will find in our comments below (cf. Q12).	

Question 3	Unfortunately, the notion of remedial action is not precise enough. Its consequences are not clear. Is it only a promise of information given to the consumer, or are there any juridicial consequences to be followed ("Folgenbeseitigungsanspruch")? As a minimum criterion, it should be stipulated that all contracts, which are already concluded, will have to be subject of any "remedial action" proposed for a product. Related to remedial action (cf. CP, p. 23) we additionally propose that if the sale of a product is stopped, this management decision should be published. This should be done not only for the general public, but also with enough details for experts making possible a transparent reconsideration of the decision. The public has to be informed about such an important decision, because there is no need for business secrets related to that product anymore.	
Question 4	Generally spoken it is predictable that costs associated with the new requirements are likely to be passed on to the customers, so prices could go up. But we stress that reasonable undertakings should not have any additional costs, because they should already have implemented equivalent requirements in order to prevent from customer detriment. If not, the industry will always find any kind of justifications for an increase of prices, so this is not a specific argument against the POG arrangements. Additional product testings, ongoing products monitorings and enhanced exchange of information between manufacturers and distributors may actually increase product costs. The real detriment of consumers does not consist in an increase of prices due to these necessary procedures by manufacturers and distributors, but on the contrary by the absence of these provisions which have already entailed and will continue to entail severe mis-selling practices. Consumer protection does not mean to offer and buy the cheapest product, but to be able to make an actually best informed decision.	
Question 5	Yes, we agree.	
Question 6	No, we do not consider that there is sufficient clarity regarding the collaboration between insurance undertakings and insurance intermediaries which are involved in the manufacturing of insurance products. The draft Technical Advice should include a much more detailed list of the tasks to be regulated in the written document: not only the identification of the target market, but as well the role of the management, the	

	regular review of POG arrangements, the level of skills, knowledge and expertise of personnel involved in designing products, the product testing and product monitoring and of course the remedial action. These criteria should constitute the minimum list.	
Question 7	Generally spoken we agree with the proposed high-level principle for the granularity of the target market, but it must be much more detailed. Of course there is a difference between the individual level and the group level. On the individual level the distributor has to make an assessment of concrete figures (possible contributions, insured sum, contract duration, additional covers etc.). That is why it is absolutely necessary on the group level to fix - as part of the forthcoming Technical Advice - a minimum list of criteria that have to be assessed. These criteria are related to the assessment of demands and needs (insurance specificities) as well as to the assessment of suitability and appropriateness (additionally for IBIPs). The latter include the knowledge and experience as well as the financial situation and objectives of the type of customers. We propose the following criteria (cf. our comment on Q 17): • age • gender • family status • professional status • health status • income • liquid reserves • assets • property • credit commitments • prior conclusion of any other IBIPs (private life / annuity insurances) • prior conclusion of any other personal, state-subsidized or occupational pensions plans (retirement provision) • investment objectives (asset allocation, retirement provision etc.)	

	• expected time frame • nature, volume, frequency and period of transactions already having been carried out • person's risk tolerance ("Risikobereitschaft") • person's ability to bear losses (highest possible lost in absolute figures) Only by using this minimum list of criteria there will be attained a sufficiently granular level of assessment in order to identify groups of customers / consumers whose needs, characteristics, objectives and demands are generally compatible with a certain product. But in order to reduce mis-selling practices it is particularly important to identify those groups of customers / consumers who shall be avoided for a product.	
Question 8	Yes, we agree with the proposed review obligations, but we consider it crucial to introduce a minimum frequency of these reviews as follows: We recommend the same frequency of Solvency II (annually) adding the following differentiation: Products and tariffs which are currently sold, shall be reviewed annually. Products and tariffs, which are not sold anymore, but which are still part of the portfolio, shall be reviewed, if a significant change related to any kind of parameters is observed (i.e. increase of premiums of “closed” health insurance tariffs).	
Question 9	Related to DTA on conflicts of interest, point 7 (CP, p.46) we estimate that there cannot be any over reliance on disclosure. Therefore we cannot agree that disclosure of conflicts of interest should only be a step of last resort. There is a strong asymmetry of information between customers (often with poor knowledge on financial products) and distributors (who have at least high sales qualifications). That is the reason why customers ought to be informed - in advance and in an intelligible way - on any possible conflicts of interest by full disclosure. Essentially conflicts of interest have to be considered as part of Business Conduct Risks. These are risks related to the way in which a firm and its staff conduct themselves, and includes matters such as how consumers are treated, how products are designed and brought to market, remuneration of staff, and how firms deal with conflicts of interest or resolve similarly adverse incentives. With respect to the conduct of business, there is a link between conduct risk and governance.	

	That is why we again underline the crucial importance of the "Fit and Proper Requirements" outlined in the Delegated Act on Solvency II (2015/35/EU, Chapter IX: System of Governance). Additionally we stress that corporate governance, risk management and internal audit function have to be separated clearly.	
Question 10	Yes, we agree that the policy proposals do not need further specification of the principle of proportionality. The proportionality principle is a juridicial principle of generalized validity. Any kind of administrative provision has to be reasonable, appropriate and necessary, in consequence the principle of proportionality is neither new nor precise enough. Therefore we strongly support EIOPA's opinion that an explicit reference to the principle of proportionality in the implementing measures for the amended IDD would not appear appropriate or necessary: "An elaborate repetition or specification of this principle in the IDD implementing measures rather bears the risk that the application of that general principle becomes unclear or that the objectives of the new provision are not achieved" (quote from EIOPA Consultation Paper on Conflicts of Interest, Oct. 2014, p. 19).	
Question 11	Yes, we agree with the proposed high level principle to determine whether an inducement has a detrimental impact on the relevant service to the customer and with the outlined types of inducements being considered to have a high risk of detrimental impact (cf. CP, page 54, points 3 and 4 of DTA on Detrimental Impact). We will enumerate more precise examples how inducements have a detrimental impact for customers in our comment on Q 12. We underline EIOPA's assessment that it should clearly be noted that insurance undertakings and insurance intermediaries are in any case not relieved from a thorough assessment whether an inducement has a detrimental impact and that these practices cannot be used to legitimate practices which are detrimental from the outset. In our comment on Q14 we will outline why and how the aforementioned high level principle should be completed aiming at more legal certainty for consumers as well as for insurers.	
Question 12	The following inducements should be added to the list in paragraph 4 of the draft technical advice:	

	• In Germany in the health insurance class the following severe distribution scandal came to public attention: several health insurers had paid commissions to the distributor MEG AG in Kassel on a large-scale *in advance,* even before any contract had been sold. This remuneration system worked for some years (up to 8000 Euro commission just for one sold contract), but then the distributor went bankrupt, because he sold less contracts then postulated (up to 1000 employees). The responsible manager (Mehmed Göker) flew to his home country Turkey, because some insurers tried to get back their money by court. When the insolvency proceeding started, there was an estimated amount of 50 million Euro of debts. The whole scandal was later reiterated for a cinema movie ("Der Versicherungsvertreter" in 2013): http://www.versicherungsvertreter-derfilm.de/index.php/inhalt/inhalt That is why we strongly ask for banning any kind of pre-sales commission payments. • In Germany there exist huge distribution organizations (multi-level or subscriber broker structures: "Strukturvertriebe"), in which sole distributors are "independent" on the juridical level, but in reality of course not. They have to sell only product lines chosen by their home organization, and sometimes they even have to pay a rent for their bureaus and for the technical equipment to their "mother company". Following to the German law this situation is called "Schein-Selbständigkeit" (like "erroneous independence"). In this context nothing but extreme sales pressure and therefore mis-selling practices are the inevitable consequences. The entire structures of these systems of distribution and remuneration have to be changed fundamentally (fixed incomes following trade union standards, variable remunerations and inducements only as volunteer "bonus"). • In September 2014 press reports were published that the biggest of these "Strukturvertriebe" had organized a huge event in Malta: the port of La Valetta was simultaneously reached by four cruise ships only reserved for the 7000 agents of this distribution organization. This example shows how "successful" these distributors work, because this "non-monetary" incentive could only be paid by the total sum of commissions earned from the huge quantity of sole	

	consumers. It shows again that commissions for these distributors are too high (cf. CP, p. 54, point 4c) and these non-monetary incentives should clearly be banned. • Related to variable or contingent thresholds included in inducement schemes (cf. CP, p. 54, point 4e), we would like to draw EIOPA's attention to so-called "broker pools". It is fairly possible that independent brokers form a "pool" (common umbrella) in order to achieve more easily thresholds of sales volumes by the insurers. It should be analyzed by EIOPA that possible thresholds are not lower in relation to sole brokers. • In some cases the inducement agreement between manufacturer and distributor was as follows: the commission paid for the conclusion of an annuity insurance was higher than the sum of the first annual premium and of the cancellation fee. The cancellation fee has to be paid by the distributor to the manufacturer in case of early withdrawal by the customer. In the 1990th in Germany there was a huge distribution scandal related to occupational pensions plans which "implemented" this procedure (following to the responsible distributor it was called "Schmidt-Tobler-Effekt"). Inducement agreements of that kind must be banned without any exception.	
Question 13	We clearly underline the fact that all inducements pointed out for questions 11 and 12 are part of existing business and distribution models. They are considered bearing a high risk of detrimental impact. In its Final Report on the Discussion Paper on Conflicts of Interest of PRIIPs (October 2014, p. 6/7), EIOPA itself had clearly pointed out that "sales targets, sales pressure, sales contests, performance measurement systems and sales incentives like "churning" in order to generate commissions (e.g excessive switching of funds)" have to be included under this perspective. These inducements clearly incentivise "quick sales" and turnover maximization instead of fostering long-term customer relationship based upon suitable or even best advice (cf. our comment on Q 12). Additionally we stress the following examples of detrimental impact for consumers which we had already outlined in one of the former EIOPA consultations on conflicts of interest in July 2014: • In October 2012 one of the most important German economic newspapers, the	

	Handelsblatt, published a large report on mis-selling practices by the life insurer ERGO. It was reported that there were more than 5000 cases of mis-selling practices in only a few months. Agents of ERGO pushed customers to exchange their life insurance contracts to accident insurance contracts with much lower interest rates ("Umdeckungen"). • In the sector of *health insurance* for many years there was the problem of low budget tariffs especially for young people. High increases of these premiums after some years were inevitable, and affected costumers tried to change these tariffs. But even if there is the legal obligation to offer a different tariff by the same insurer, there are lots of cases in which insurers tried to prevent any change of tariff (cf. our comments for EIOPA discussion/consultation papers on conflicts of interests in PRIIPs, July and December 2014).	
Question 14	As EIOPA has assessed (CP, p. 52, point 16), a positive list outlining circumstances generally to be considered acceptable may entail the high risk of creating loopholes for regulatory arbitrage. This may be correct, but we would like to underline strongly that without such a positive list the risk of legal incertainty continues pending for the consumers as well as for the insurers. If an inducement is later considered having prevented the distributors from complying with their obligation to act honestly, fairly and in accordance with the best interests of their customers, then these customers will already have suffered from financial losses (not suitable insurance coverage, high entry and exit fees etc.). For the insurers this may ensue actions for damages (compensation or indemnification) by their customers. EIOPA has already acknowledged (cf. CP, p. 52, point 16) that "specific circumstances may be considered reducing the risk of detrimental impact on the quality of the relevant service to the customer and could be taken into consideration as part of an overall-assessment". Under this perspective we strongly recommend EIOPA urging the insurers to implement to following organizational measure or procedural arrangement: in order to avoid any legal incertainty, distributors should be paid either by fixed income inducements (like employees) or by acquisition fees paid not upfront but during the entire life-time of the product and without any sales targets. Another procedural arrangement concerns the calculation of costs of inducements:	

	the calculated costs included in the IBIP must be – at minimum – as high the actual costs. Detrimental impact for customers results from any difference between calculated and actual costs, because the investment part of the premium (and consequently possible rewards) will inevitably be reduced. In Germany the regional court of Cologne (Oberlandesgericht Köln) recently forbad any additional costs not being disclosed in the insurance contract before.	
Question 15	We fully agree with EIOPA's statement that the assessment of suitability and of appropriateness is one of the most relevant obligations for consumer protection. Suitability and appropriateness have to be assessed against: • customer's investment objectives, including that person's risk tolerance; • customer's financial situation, including that person's ability to bear losses; • customer's knowledge and experience in the investment field relevant to the specific type of product or service, including the nature, volume and frequency of the transaction with which the customer is familiar. No criteria should be excluded from those which are explicitely outlined in the related Draft Technical Advice (cf. CP, p. 64-66: points 2 (a) to (c) and 13 (a) to (c)). Only by doing so, the insurance intermediary or insurance undertaking will be able to determine whether that customer has the necessary experience and knowledge in order to understand the risks involved in relation to the product proposed.	
Question 16	It is crucial to underline that the suitability and appropriateness assessment focusses on the investment part of any IBIP (insurance-based investment product). As private life and annuity insurances have that investment part included in their total premiums, they are part of PRIIPs aiming at a level playing field among all types of packaged investment products. Therefore the suitability and appropriateness assessment must be considered as an additional procedure completing the analysis of the actual biometric risk cover or insurance specificities (cf. IDD Recitals 44 and 45). As we have already outlined in our previous comments (cf. Q15 of EIOPA Online Survey on IDD in January 2016), the explicit insurance specificities ought to be analysed at least by the following criteria: age, gender, family status, professional status, income, health status. The analysis of these insurance specificities may be added to the suitability and appropriateness assessment or separately be provided by the analysis of the demands and needs of the customer (following to article 20 (1) IDD).	

Question 17	In practice, as a minimum list we expect the following information to be collected prior to the conclusion of any IBIP contract: Insurance specificities: • age • gender • family status • professional status • health status • income Suitability and appropriateness assessment: • liquid reserves • assets • property • credit commitments • prior conclusion of any other IBIPs (private life / annuity insurances) • prior conclusion of any other personal, state-subsidized or occupational pensions plans (retirement provision) • investment objectives (asset allocation, retirement provision etc.) • expected time frame • nature, volume, frequency and period of transactions already having been carried out • person's risk tolerance ("Risikobereitschaft") • person's ability to bear losses (highest possible lost in absolut figures) Additionally we underline that the French NCA (ACPR) has even published the "Recommendation on gathering customer information in the framework of the duty to provide advice on life insurance policies" (2013-R-01 of 8 January 2013). Particularly important is point 4.2 (Recommendation regarding the contents of the information gathered), where precise criteria are outlined.	

Question 18	Yes, there should be a guidance by EIOPA on the relationship between the demands and needs tests and the suitability / appropriateness assessment. It must be underlined that the usual test of demands and needs as required in IDD article 20 (1) is clearly not sufficient for an IBIP. Any IBIP is a very complex product including an investment option as well as a biometric risk cover. Only a comprehensive suitability / appropriateness assessment including a fundamental test of the demands and needs of the customer (cf. our comment on Q17) will enable this customer to make a well-informed decision related to both aspects of this contract. Probably most of the consumers only once in their life-time will conclude such a contract, so there is the crucial importance for them to get the best advice.	
Question 19	No, we do not agree with the high level and cumulative list of criteria used to define other non-complex products. These criteria (CP, p. 71) are neither precise enough nor suitable for insurance specificites. If they are not changed, we definitely see the danger that they may be mis-used by manufacturers and by distributors in order to override the IDD regulation on suitability and appropriateness assessment as well as to counter-balance the PRIIPs-Regulation which tries to establish a level-playing field between retail investors products and insurance-based investment products. The more IBIPs are classified as non-complex the more this danger will become real. Therefore we additionally urge EIOPA to classify an IBIP as non-complex only if all and not just one of these criteria will be relevant. • Related to point a, we underline that usually unit-linked products refer to investment funds (based on shares, bonds, indexes etc.), some of them include even several funds with different investment strategies (“hybrid” products). That is this reason why the right to acquire or sell a single transferable security or to raise a partial cash settlement is not relevant. This criteria must be excluded. • Related to points b and f, we underline again that usually life or annuity insurance contracts include “hidden” acquisition costs by commissions and additional exit fees (“Stornogebühren”) which strongly reduce the surrender value. In case of early withdrawal the charges make an investment illiquid even though technically it may be possible to redeem. Additionally it is not clearified at all, what are “excessive” burdens? Which are the thresholds? That is why	

these criteria must be excluded.

- Related to point c (liability for the customer to incur that exceeds the costs of acquiring the insurance-based investment), we do not know any life insurances which have embedded such a feature (only pure retail investment products may have included this). This criteria is an alarming example why we definitely see the danger that the provision of non-complex IBIPs may be mis-used by manufacturers and by distributors in order to counter-balance the PRIIPs-Regulation as well as the IDD regulation on the suitability and appropriateness assessment. This criteria must be excluded.
- Related to points d and g, we do not see, which category of IBIP may need less information requirements in comparison to all other IBIPs. We are very astonished that EIOPA's evidence-gathering points out that some IBIPs with an unit-linked investment element may be considered as non-complex (point 5 of the EIOPA's analysis, in: CP, p. 68). Usually these unit-linked products refer to investment funds (based on shares, bonds, indexes etc.), some of them include even several funds with different investment strategies ("hybrid" products). So, as far as we can see these are very complex products, consumers need comprehensive information to readily understand their structure enabling them to make an informed decision. That is why these criteria must be excluded.
- Related to point e, at least in Germany it is very usual that life and annuity insurance contracts have included different pay-out options (lump-sum or annuity: "Kapitalwahlrecht"). This clause must be specified aiming at not prohibiting the possibility for different pay-out options, otherwise it must be excluded.
- Related to point h, we underline that the modification or personalization of contractual provisions with regard to the receiving benefits at the end of the contractual relationship (the "beneficiary clause") is – at least following to the German insurance contract law – a quite usual contract option ("widerrufliches / unwiderrufliches Bezugsrecht"). So this criteria must be specified in order not to prohibit this usual option, otherwise it must be excluded.

Question 20	First we would like to stress that from our perspective there are no non-complex insurance based investment products. At least for the German market we clearly reject any suggestions that "there are a limited number of insurance-based investment product types which offer complex investments but have a suitably non-complex structure" (cf. CP, p. 68). The "execution-only"-presumption does not fit for any unit-linked IBIP offered on the current German market (including those from Anglo-Saxon manufacturers), because customers have always multiple choices while and after concluding the contract. We urge EIOPA to strongly limit the possible types of non-complex IBIPs, because otherwise this provision will surely open a indefinite possibility for the insurers of circumventing the suitability and appropriateness assessment on a large scale. That is why further efforts must be made in order to enhance the transparency of the product. Transparency is essential and necessary for the customer in order to enable a fully informed investment decision. More transparency can only be achieved by the mandatory disclosures of actual risk-reward relations, of realistic return probabilities and of comprehensive cost structures as foreseen by the forthcoming PRIIPs Key Information Documents. Only related to traditional capital life-insurance contracts, where the customer cannot choose the investment strategy and therefore the insurers guarantees an interest rate on the investment part of the premium, the individual knowledge and experience of the customer related to investment strategies is not directly relevant. Instead of this, the comprehensive disclosure of costs which strongly reduce the investment part of the premium is all the more necessary. The most important risk of consumer detriment consist in cancelling the contract before reaching maturity: no capital guarantees are valid, and additional high penality fees heavily reduce the accumulated savings of the customer being paid out. Related to the insurance specificities we underline the necessary changes outlined in our comments on Q 19 (mainly points e and h).	

Question 21	No, there are no gaps. The mentioned criteria refer to retail investor products which are relevant for regulation under MIFID2, but not under IDD. The reason is that usually unit-linked IBIPs refer to investment funds (based on shares, bonds, indexes etc.), some of them may even include several funds with different investment strategies ("hybrid" products). In consequence even a non-complex retail investor product will become a "packaged" product, if only it is embedded in a unit-linked IBIP. We definitely consider any "packaged" IBIP as a complex product (cf. our comment on Q 20).	
Question 22	Yes, we agree with the high level criteria used, no criteria outlined in the DTA for the retention of records (CP, p. 77/78) should be excluded.	
Question 23	Related to insurance specificities we underline the crucial importance of additional information the distributor should be required to record. This additional information is linked to IDD article 27 (prevention of conflicts of interests), article 28 (conflicts of interest) and article 29 (information to customers): • if advice had been given on basis of a fair and personal analysis (difference between a "suitable" and a "best" advice and the possible consequences for the analysis of his individual financial conditions)? • if the customer got the information that he may request an itemized breakdown of the costs and charges ("soft" disclosure of all costs and charges, including any commissions or other inducements by third parties)? • which organizational and administrative arrangements have been implemented in order to identify, to prevent and to manage conflicts of interest?	
Question 24	Yes, we agree with the high level criteria used, no criteria outlined in the DTA for the suitability statement and the periodic communications to customers (CP, p. 85-87) should be excluded.	
Question 25	DTA point 7 of the periodic communications to customers (CP, p. 86) on "services provided" is not precise enough. Therefore we refer to IDD article 20 paragraph 8 (information included in the future product information document for non-life contracts): at a minimum any change of these "terms and conditions" mentioned under this article must be reported.	
Question 26	Related to criteria with regard to the periodic communication to customers we again recommend the information which following to the German law (provision on	

	information duties of insurance contracts: VVG-InfoV – Verordnung über Informations-pflichten bei Versicherungsverträgen, article 2) life insurance contracts must include: • Amount of calculated costs included in the premium; • Total amount of entry cost (in absolute figures); • Ongoing administrative and other costs as percentage of annual premium; • With profit mechanism; • Probable development of surrender values (in absolute figures); • Promised capital guarantees and related interest rates; • Conditions for exemption from or at least reduction of payment of premiums (in absolute figures); • Possible choice of funds (in case of unit-linked contracts); • Relevant tax provisions; • Insured loss and risk coverage. We underline that point 8b (other costs) of the DTA on periodic communications to customers (CP, p. 86) is not as precise as the first three points mentioned above following to the German law (VVG-InfoV article 2). Therefore these three points should be included in the DTA.	