

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:	British Bankers Association (BBA)	
Disclosure of comments:	<p>EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential.</p> <p>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.</p>	Public
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Reference	Comment	
General Comment	<p>INTRODUCTION</p> <p>The BBA is the leading trade association for the UK banking sector with 200 member banks headquartered in over 50 countries with operations in 180 jurisdictions worldwide. Eighty per cent of global systemically important banks are members of the BBA. As the</p>	

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	<p>representative of the world’s largest international banking cluster the BBA is the voice of UK banking.</p> <p>We have the largest and most comprehensive policy resources for banks in the UK and represent our members domestically, in Europe and on the global stage. Our network also includes over 80 of the world’s leading financial and professional services organisations. Our members manage more than £7 trillion in UK banking assets, employ nearly half a million individuals nationally, contribute over £60 billion to the UK economy each year and lend over £150 billion to UK businesses.</p> <p>BBA welcomes the chance to comment on the <i>Consultation Paper on Technical Advice on possible delegated acts concerning the Insurance Distribution Directive</i>. Our comments are focused on our main area of concern amongst our members, Section 4, which addresses the roles of ‘manufacturer’ and ‘distributor’. In doing so we are keen to reinforce the view that retail banks are (in general) distributors, not manufacturers, of insurance products.</p>	
Question 1		
Question 2		
Question 3		
Question 4		
Question 5	<p>We strongly agree that not all kinds of involvement or influence of an insurance intermediary in the design and manufacturing of an insurance product, should be considered as manufacturing.</p>	
Question 6	<p>We don 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.</p> <p>With regard to section 4.2.1 - Acting as a Manufacturer:</p>	

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8.1 - We would agree that a call for tender to cover a specific risk would not qualify an intermediary as a manufacturer.

We would ask EIOPA to clarify what type of activities would constitute a 'further role in the design of the product'. Are the activities outlined under subsequent item (9) comprehensive, or could other activities constitute a 'further role'.

Manufacture of insurance requires specific skill sets that a bank or building society's staff wouldn't usually have, e.g. actuarial calculations that work out what sort of risks an insurer is prepared to cover on a policy is not a type of activity in which a distributor would be involved. The UK already has a system for categorising entities that require an authorisation to manufacture insurance, as opposed to selling it. Typically a distributor receives delegated authority from the insurer to put the customer on risk – but the insurance contract itself is one of utmost good faith between the insurer and the insured, and it is the insurer that covers the risk and that has to be capitalised to be able to follow through on that promise, rather than the distributor. It seems to us that these are the sorts of key characteristics which should be used to judge whether or not an entity 'manufactures' insurance.

In our view, therefore, working with the insurer to personalise the product after tendering for the risk should not be considered manufacturing.

9 (i) (b) – We would ask EIOPA to clarify what they determine to be the 'main elements' of a specific insurance product.

In addition, we would suggest that if the insurer asks the intermediary to input into the design of the main elements, this would not automatically qualify the intermediary as a manufacturer, because their involvement has resulted from a specific and limited request by the manufacturer, and not at the intermediary's initiative.

We would welcome confirmation that EIOPA agrees with our interpretation.

9 (i) (c) – It would be our view that establishing the premium of a product should not

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	<p>be included in the notion of 'design'. We think this is more akin to personalisation and adaptation of insurance products (under 8.4) rather than involvement in the fundamental design of the product.</p> <p>The current guidance states that the presence of one of these activities does not automatically qualify an intermediary as a manufacturer; instead a case-by-case analysis of the intermediary's activity will need to be undertaken. Although we found this guidance helpful we would ask EIOPA to make it clear that pricing, and in particular the setting of premiums, is not a decisive factor given that, in our view, setting premiums is not a fundamental element of 'design'.</p>	
Question 7		
Question 8		
Question 9		
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