

**Comments Template on EIOPA-CP 11/007**

**Deadline**  
**03.01.2012**  
**12:00 CET**

**Draft proposal for Report on**  
**Good Practices for Disclosure and Selling of Variable Annuities**

Company name:	<b>BUND DER VERSICHERTEN E.V.</b> , Hamburg - Germany.	
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><i>Please indicate if your comments on this CP should be treated as confidential, by deleting the word <b>Public</b> in the column to the right and by inserting the word <b>Confidential</b>.</i></p>	Public
<p>The paragraph numbers below correspond to the questions raised in the grey boxes of EIOPA Consultation Paper No. 11/007.</p> <p><b>Please follow the instructions for filling in the template:</b></p> <ul style="list-style-type: none"> <li>⇒ <u>Do not change the numbering in column "Reference", or any other formatting in the file.</u></li> <li>⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a question, keep the row <u>empty</u>. Please do not delete rows in the table.</li> <li>⇒ Our IT tool does not allow processing of comments which do not refer to the specific question numbers below.             <ul style="list-style-type: none"> <li>○ If your comment refers to multiple questions, please insert your comment at the first relevant question and mention in your comment to which other questions this also applies.</li> </ul> </li> </ul> <p><b>Please send the completed template to <a href="mailto:CP_007@eiopa.europa.eu">CP_007@eiopa.europa.eu</a>, in MSWord Format, (our IT tool does not allow processing of any other formats).</b></p>		
<b>Reference</b>	<b>Comment</b>	
General Comment	Very useful and detailed report.	
Q1.	Key Feature Documents should be used for Variable Annuities. They should contain description of the product, type and date of guarantees (especially when guarantees are given), charges and risks, complaints and legal regulation. It is very important that the rules for changing maturity are clearly	

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	fixed, or it has to be written that no changes are possible.	
Q2.	Customers need pre-contractual information that is easily understandable, clear, fair and not misleading. The KFDs have to help the customer to understand the "life" of his contract, too: if figures are low, why does this happen?	
Q3.	FAQ are useful, if they are concentrated on the Key Features as described above (including pre-contractual information and after conclusion).	
Q4.	It is necessary that once in a year providers inform customers on the performance of their VA contract and on the change of the guarantees, if this happens.	
Q5.	Three scenarios should be used, related to the real developments during the last ten years (best, average and worse performance really achieved during that period). Reality was worse than any theoretical scenario before! The scenarios should contain changes in non-financial topics, too, like increase or decrease of longevity.	
Q6.	One unfavourable scenario that should always be used is the zero interest rate scenario (no benefits, only charges are realised). It should be combined with a decrease of longevity if pension schemes are concerned.	
Q7.	On a period of ten years back from the date of contract conclusion the worst really achieved performance should be illustrated by figures which must not be distorted (completely equal and regular scales). If these figures are not available, at least the zero interest rate scenario should be showed as worst case.	
Q8.	Illustrations can provide fair information to the customer, but only if they are not distorted (regular scales) and standardized for all insurers.	
Q9.	Insurers, banks, agents, intermediary firms, internet.	
Q10.	Yes, direct sales exist.	
Q11.	Every sales person has to be trained in terms of due diligence and best advice by the their insurer. They have to be able to answer at any question concerning the general and product specific disclosures (points 3.1.1. to 3.1.5. of the draft).	
Q12.	Yes, the purpose of the product is very important. Retirement savings must not be exposed to the	

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	same volatilities of financial markets than pure investment solutions.	
Q13.	Yes. Any kind of guarantees offered has to be explained following to the demands and needs of the customer (especially concerning maturity, charges and risks; point 4.1 of the draft).	
Q14.	Every intermediary or sales person of VA contracts has to evaluate the risk limits of the customers (personal circumstances). The result of this evaluation has to be fixed by a written document (i.e. in Germany following to the Wertpapierhandelsgesetz). Only if there is an equal risk limit between customer and VA product, the contract can be concluded without any sanction for the intermediary.	
Q15.	<p>The good practices summarized under due diligence (point 4.2 of the draft) are very useful. Most important is to fix as many as possible of them as obligations under civil law.</p> <p>Additionally the practical experiences of the <b>Florida Department of Financial Services</b> should be analysed. In this US state it is obligatory for the intermediaries to take part at professional trainings before they are allowed to sell Variable Annuities. For further information look at these links:</p> <p><a href="http://www.fldfs.com/pressoffice/ViewMediaRelease.asp?ID=3079">http://www.fldfs.com/pressoffice/ViewMediaRelease.asp?ID=3079</a></p> <p><a href="http://www.lawyersandsettlements.com/features/variable-annuity-insurance-annuities-7.html">http://www.lawyersandsettlements.com/features/variable-annuity-insurance-annuities-7.html</a></p>	