

Comments Template on EIOPA-CP 13/006a and EIOPA-CP 13/006b Consultation Paper on the Proposal for Guidelines on Complaints-Handling by Insurance Intermediaries and Draft Report on Best Practices by Insurance Intermediaries in handling complaints		Deadline 28 June 2013 12:00 CET
Company name:	Eurofinas (European Federation of Finance House Associations)	
Disclosure of comments:	EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential. <i>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.</i>	Public
<p>Please follow the instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ Do not change the numbering in column "Reference", or any other formatting in the file. ⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph, keep the row <u>empty</u>. Please do not delete rows in the table. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific paragraph numbers below. <ul style="list-style-type: none"> ○ If your comment refers to multiple paragraphs, please insert your comment at the first relevant paragraph and mention in your comment to which other paragraphs this also applies. ○ If your comment refers to sub-bullets/sub-paragraphs, please indicate this in the comment relating to the corresponding paragraph. <p>Please send the completed template to CP-13-006@eiopa.europa.eu, in MS Word Format, (our IT tool does not allow processing of any other formats).</p> <p>The paragraph numbers and questions below correspond to document no. EIOPA-CP-13/006a. There is an additional section at the end of the table for general comments on the draft Best Practices Report (document no. EIOPA-CP-13/006b).</p>		

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Reference	Comment	
General Comment	<p><u>Introductory Observations</u></p> <p>Eurofinas, the voice of consumer credit providers at European level welcomes the opportunity to respond to the Consultation Paper on the Proposal for Guidelines on <i>Complaints Handling by Insurance Intermediaries</i> and the Draft Report on <i>Best Practices by Insurance Intermediaries in Handling Complaints</i>.</p> <p>Eurofinas supports the work of the European Insurance and Occupational Pensions Authority (EIOPA) in promoting transparency, simplicity and fairness in the market for insurance products and services across Europe.</p> <p>Against this background, we welcome EIOPA’s work on complaints handling by insurance intermediaries. We trust that our comments will be taken into account and remain at the disposal of the Authority should any further questions arise.</p> <p>As a preliminary observation, as mentioned in the past by several stakeholders, we believe that the legal status of the proposed guidelines is unclear. Though we appreciate that the issuance of such guidelines is in line with EIOPA’s founding Regulation, the impact of a “comply or explain procedure” remains uncertain and therefore makes it difficult for the industry to foresee the exact implications of the proposed text.</p> <p><u>Who we are</u></p> <p>As a Federation, Eurofinas brings together associations throughout Europe that represent finance houses, universal banks, specialised banks and captive finance companies of car or equipment manufacturers.</p> <p>The products sold by Eurofinas members include all forms of consumer credit products such as personal loans, linked credit, credit cards and store cards. Consumer credit facilitates access to</p>	

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assets and services as diverse as cars, education, furniture, electronic appliances, etc. It is estimated that together the Eurofinas members financed over 312 billion Euros worth of new loans during 2012 with outstandings reaching 828 billion Euros at the end of the year.

In addition to the provision of consumer loans, companies represented by Eurofinas distribute insurance products on an ancillary basis.

Insurance products distributed include, among others, asset protection insurance, loan protection insurance and liability insurance. These insurance products are distributed either directly by consumer credit firms or by partners (retailers, dealers, etc.) that are part of their supply chain and that will also act as intermediaries.

Eurofinas represents a specific part of the insurance mediation sector that is very different from traditional brokerage. Eurofinas members, as well as their partners, play a crucial role in the distribution of insurance products across Europe. They are in direct contact with both insurance undertakings and policy holders.

We generally agree with EIOPA's proposed guidelines on complaints handling by insurance intermediaries. As mentioned in the Consultation Paper, we believe it is key to ensure that the regime is proportionate and takes into account the nature and size of insurance intermediaries. This is crucial to encompass the diverse types of intermediaries and mediation/distribution models.

We take the view that a reference to industry existing standards/codes of conduct could be included in the guidelines or accompanying report on best practices. For example, a high number of Eurofinas members have developed and implemented codes of good practice (See Eurofinas brochure on national codes of conduct for consumer lending, 2012) . These codes set out guidance and general principles by which member lending institutions should operate and establish the standards of behaviour which are expected from them. Where applicable, they may cover the management of complaints including for ancillary products/services such as insurance.

1.

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11.	<p>We disagree with the proposed recommendation that where the Guidelines do not apply, the intermediary should still explain his position on the complaint. We believe that this recommendation goes beyond EIOPA's mandate as it touches upon the distribution of non-insurance products. Though we understand the objective to ensure that complainants will be provided with sufficient feedback, it should not be assumed that all intermediaries can respond to complaints related to other products/services. We do not believe that the current wording sufficiently takes into account the existence of diverse business models.</p>	
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13.	<p>Guideline 1 provides that where a complaint is received by an insurance intermediary for which another insurance entity is responsible, and the insurance intermediary does not handle the complaint on behalf of that insurance entity, the insurance intermediary should inform the complainant and direct the complaint to the relevant insurance entity. In that case, the other guidelines do not apply.</p> <p>We agree with this guideline. However, we think it should be clarified that this guideline also applies in the case of a chain of intermediaries.</p> <p>As mentioned previously, most consumer credit providers do not cover insurance risks themselves but work in partnership with insurance companies. This means that a consumer credit provider distributes the insurance products of its insurance partner and in this context acts as an</p>	

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intermediary.

In turn consumer credit providers offer these insurance products through their distribution channels including at the point of sale. In the latter situation, insurance products will be distributed by retailers or motor dealers that will act as the credit providers' own intermediaries.

In the event that a complaint is made, it will be handled by either the consumer credit provider or the insurance undertaking. This will depend on the nature of the complaint and contractual requirements.

An insurance intermediary should be allowed to direct the complaint to an insurance entity but also to another insurance intermediary on behalf and under the full responsibility of which he his acting. To reflect this distribution model, Guideline 1 should be amended as follows:

*Where a complaint is received by an insurance intermediary for which another insurance entity/**insurance intermediary** is responsible, and the insurance intermediary does not handle the complaint on behalf of that insurance entity/**insurance intermediary**, the insurance intermediary should inform the complainant and direct the complaint to the relevant insurance entity/**insurance intermediary**.*

Alternatively, the term "insurance entity" should be clearly defined and cover both insurance undertakings and insurance intermediaries.

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Q1. - on Impact Assessment		
Q2a. - on Impact Assessment		
Q2b. - on Impact Assessment		
Q2c. - on Impact Assessment		
Q2d. - on Impact Assessment		
Q3. - on Impact Assessment		
Best Practices Report Comments (EIOPA-CP-13/006b)	<p>Point 1 – page 3</p> <p>As mentioned previously, we strongly disagree with the explanation provided in the Draft Report in the particular case where an insurance intermediary receives a complaint about something other than his/her insurance activities.</p> <p>It is mentioned in the Draft Report that, in this case, the insurance intermediary should respond, where possible, explaining the insurance intermediary’s position on the complaint.</p>	

<p align="center">Comments Template on EIOPA-CP 13/006a and EIOPA-CP 13/006b Consultation Paper on the Proposal for Guidelines on Complaints-Handling by Insurance Intermediaries and Draft Report on Best Practices by Insurance Intermediaries in handling complaints</p>		<p align="center">Deadline 28 June 2013 12:00 CET</p>
	<p>We believe that this recommendation goes beyond EIOPA’s mandate as it touches upon the distribution of non-insurance products. Though we understand the objective to ensure that complainants will be provided with sufficient feedback, it should not be assumed that all intermediaries can respond to complaints related to other products/services. We do not believe that the current wording sufficiently takes into account the existence of diverse business models.</p> <p>Point 2 – page 3</p> <p>Again, as mentioned above, we think it should be clarified that this guideline also applies in the case of a chain of intermediaries. An insurance intermediary should be allowed to direct the complaint to an insurance entity or another insurance intermediary on behalf and under the full responsibility of which he his acting.</p> <p>In addition, where an intermediary receives a complaint on the activity of another entity, he/she should be able to inform the complainant orally or in writing depending on the medium used for the initial complaint (for example: at the point of sale, by phone, by mail, etc.).</p>	