

Comments Template for Discussion paper on a possible EU-single market for personal pension products		Deadline 16 August 2013 18:00 CET
Name of Company:	German Insurance Association (GDV)	
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 following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ <u>Do not change the numbering</u> in the column "question"; if you change numbering, your comments cannot be processed by our IT tool. ⇒ Leave the last column <u>empty</u>. ⇒ 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>. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. <ul style="list-style-type: none"> ○ 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. ○ If your comment refers to parts of a question, please indicate this in the comment itself. <p style="text-align: center;">Please send the completed template, <u>in Word Format</u>, to personalpensions@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.</p>		

**Comments Template for
Discussion paper on a possible EU-single market for personal pension
products**

**Deadline
16 August 2013
18:00 CET**

Question	Comment
General Comment	<p><u>German insurers consider Personal Pension Products (PPPs) and Third-Pillar Pension Products as synonymous terms. All answers and comments are provided on the basis of that definition and do not apply to occupational pensions.</u></p> <p>The single market for personal pension products is already well developed. Any additional regulatory initiative must be based on clear empirical evidence illustrating that companies face obstacles that prevent them from offering such products in other countries. The European single market is important for the insurance sector, because it promotes competition, product innovation and diversification of risk. The ongoing improvement and review of the market conditions is clearly in the interest of the insurance industry. This is underlined by the European Financial Stability and Integration Report 2011 which states: “An integrated market should enable an insurance company to easily enter other Member States and provide its services by choosing the legal structure that suits it best”. The market entry can occur in several forms of which direct cross-border sales are only one. Market integration in the life insurance sector, however, is often realized through national subsidiaries. German insurers believe there is not enough empirical evidence that this situation results in market failure or insufficient integration. Each market entry takes efforts and the market for personal pension products is especially complex. The regulatory framework for such products is contingent on interrelated national developments in social security systems, corresponding tax law and consumer preferences. Therefore, providers of pension products need thorough knowledge of the regulatory, tax and social law environment and potential administrative procedures. This could lead to a provider’s decision to market personal pension products through national subsidiaries instead of creating a single product for all markets served by the company.</p> <p>It seems not appropriate to engage in a discussion on the benefits of a 2nd regime for pension products before the debate in the European expert group on an optional European insurance</p>

**Comments Template for
Discussion paper on a possible EU-single market for personal pension
products**

**Deadline
16 August 2013
18:00 CET**

contract law mandated by the Commission is concluded. The debate within the expert group is currently open to any outcome and also considers several of the issues addressed by EIOPA's discussion paper. The GDV participates in the expert group and does at this point not wish to anticipate or predetermine any results regarding the advantages of an optional European insurance contract law. Since EIOPA's paper is also concerned with the possible advantages of a 2nd regime, although it does not specifically focus on the area of contract law, parallel and disconnected discussions should be avoided.

Without any prejudice to the afore mentioned, German insurers would like to point out the following issues:.

Before new concrete measures for personal pension products are discussed, it should be assessed whether there is a need for increased cross-border trade of personal pension products.

Personal pension products are highly influenced by the design of the national pension system which depends on national history, culture, political and economic circumstances. For example, if public pensions are lower, contributions to supplementary pensions need to be higher to achieve a certain living standard. If occupational pensions generally play a greater role, personal pensions might be more important for people who are able to bear some investment risk. In turn, if people with lower income are encouraged to contribute to personal pensions, the products' outcomes should be less volatile. Such differences are reflected in the social and tax legal framework of pension products which are in the sole responsibility of Member States. Providers may take advantage of proximity to this specific national framework if they develop personal pension products adapted to this market.

In Germany, the pension system was reformed in 2001 to release the state pension system from the increasing demographic burden and to promote voluntary retirement savings. In the process of developing the regulatory framework for supplementary pensions, one of the main objectives was to provide security for pension savers by protecting them against the risks of investment loss and longevity. Therefore, pension insurance contracts are particularly relevant for retirement savings in Germany. Since then, the legal framework but also the pension products were constantly adapted to meet the preferences of consumers and to make voluntary retirement savings more attractive, for instance by improving information available to consumers or by

**Comments Template for
Discussion paper on a possible EU-single market for personal pension
products**

**Deadline
16 August 2013
18:00 CET**

changing pay-out rules.
Hence, the German personal pension market is a particular example for a high level of regulation to make pension products safer for consumers. Nevertheless, after the pension reforms in 2001 insurance undertakings having their registered office in another EU Member State or in an EEA state frequently entered this market either by establishing subsidiaries or by offering their products cross border. Of course, there are also examples of insurers who withdrew from the market after some years because of strong competition. But competition is a crucial indicator of a functioning market. The development shows that consumers already have the opportunity to benefit from the European single market.
Since the year 2000, 30 million new pension (re-)insurance contracts have been concluded by individuals or by companies. In addition, banks, investment funds and building societies now offer pension products within the new, tax privileged framework for personal pension products (Riester-pensions). While this can be seen as a success in the development of a new retirement savings market, there is still much work to be done with regards to coverage among the population and the amount of pension contributions to avoid a substantial income drop for future retirees. German insurers are sceptical that those challenges could be met by an increase in cross-border trade of personal pension products.

Furthermore, there is a lack of empirical evidence that consumers demand a “2nd regime personal pension product”. As indicated above, consumers’ savings needs differ according to their national pension systems. In addition, pensions are contracts based on trust. Therefore, also the reputation of providers or preferences for specific marketing channels have to be taken into account. Culturally, risk preferences differ between countries which might result in different product choices by customers. Providers’ and intermediaries’ proximity to consumers is important, because pension savings need to be tailored to the personal situation. Such proximity is not equally relevant for investment products like European harmonized UCITs. The diversity of consumer preferences and their need for individual pension solutions is reflected by the fact that providers have developed a variety of pension products. Therefore, German insurers question how a highly standardized European pension product which might be developed within the framework of a 2nd regime should work when it does not perfectly fit in any national pension

**Comments Template for
Discussion paper on a possible EU-single market for personal pension
products**

**Deadline
16 August 2013
18:00 CET**

landscape. Moreover, a European personal pension framework in addition to the national regime might even increase the risk that consumers misunderstand products sold under this regime. This would be counterproductive with regards to consumer protection.

German insurers question the need for establishing an additional cross-sectoral regulation for intermediaries of pension products. The engagement of a variety of providers in marketing of pension products as well as the need for relations and proximity to consumers also contribute to national differences in how pension products are mediated. An established European framework already exists, e.g. directives on mediation of insurance products (IMD 1/2 (2002/92/EC currently under review) and also on other financial products MiFID 1/2 (Directive 2004/39/EC currently under review), on distance marketing of financial services (Directive 2002/65/EC) and finally on E-commerce (Directive 2000/31/EC). Those directives take into account the characteristics of the respective sales processes. A cross-sectoral approach to pension product intermediation could lead to inconsistencies and overregulation of intermediation lacking an increase of consumer protection. Above all, this might result in advice for consumers becoming more expensive.

To sum up, German insurers currently see a lack of empirical evidence that an increase in cross-border sales of personal pension products would improve the functioning of the single market which, in consequence, should support pension adequacy. German Insurers are also sceptical that additional Europe wide equal regulatory measures for consumer protection which do not take into account the specific national pension system are required. At this point, it does not seem appropriate to engage into any in depth discussion regarding a “2nd regime” for personal pension products. However, German insurers propose that EIOPA in cooperation with other ESAs should aim at providing a level playing field in prudential regulation, and to avoid contradictions or discrepancies for all providers of personal pension products in the European Union. Insurance products are highly regulated with regard to prudential standards, information requirements and sales processes. The respective directives have a long tradition and are well implemented in all European countries. Overregulation for the insurance sector has to be avoided. Therefore, we suggest taking the insurance regulation as a benchmark for all those products for which there might be evidence of a lacking European regulatory framework.

**Comments Template for
Discussion paper on a possible EU-single market for personal pension
products**

**Deadline
16 August 2013
18:00 CET**

Q1	<p>First of all, German insurers would prefer if the attempts to define pension products would be coordinated between DG SANCO's consultation on third pillar pension products and EIOPA's discussion paper on PPPs. The definitions seem not to cover the same products.</p> <p>German insurers consider PPPs and third pillar pension products as synonymous terms. Therefore, a definition of PPPs should help to distinguish such products from funded parts of public pensions (first pillar), from pensions linked to an employment relationship (second pillar) and from general savings products. PPPs are characterized by the fact that individuals can independently select the material aspects of their pension arrangements. This is only provided in case of voluntary systems. Therefore, German insurers do not consider the funded parts of the public pillar ('1st pillar bis-systems') as PPPs.</p> <p>We have the following comments on the list of common features in the discussion paper:</p> <p>Ad 1) EIOPA refers to employers' contributions. In order to distinguish PPPs or third pillar products from occupational pensions it should be made clear that in such cases employers bear no responsibility or obligations as to the benefits.</p> <p>Ad 2) It remains unclear what EIOPA means by 'individual account'. Does this also cover traditional pension insurance policies with collective risk sharing and investments?</p> <p>Ad 3) It should be clarified that the retirement objective of PPPs is to provide life-long, periodic income (protection against risk of longevity). This may include products which offer the option for lump-sum payments. In addition, products may offer protection in case of disability or provide income for survivors in case of death.</p> <p>Ad 4-6) We agree that early withdrawal should be limited or panelised, providers are private entities and that PPPs are funded.</p>	
Q2		

Comments Template for Discussion paper on a possible EU-single market for personal pension products		Deadline 16 August 2013 18:00 CET
Q3	PPPs shall always be characterized by security (capital requirements for the commitments made and protection against insolvency of the provider). German insurers propose that EIOPA in cooperation with other ESAs should aim at providing a level playing field in prudential regulation, and to avoid contradictions or discrepancies for all providers of PPPs in the European Union. To avoid excessive regulation we suggest taking the insurance regulation as a benchmark which includes PPPs provided by insurers and sufficiently reflects the true risk profiles of the providers.	
Q4	The single market for personal pension products is already well developed. As indicated in the general remarks, market entry of providers of PPPs can occur in several forms of which direct cross-border sales are only one. However, market integration in the life insurance sector is often realized through national subsidiaries. German insurers consider there is not enough empirical evidence that this situation results in insufficient integration or even market failure that have to be overcome.	
Q5	EIOPA's definition does not clearly exclude occupational pensions (i.e. employers play no role in the establishment and administration of the PPP, employers do not bear any obligation as to the benefits). Therefore the OECD's definition of voluntary PPPs is preferable.	
Q6	PPPs are pension products where employers bear no responsibility or obligations as to the benefits. In such cases, such pensions could also be considered PPPs.	
Q7		
Q8	As indicated in our general comments, PPPs are highly influenced by the design of the national pension system which is dependent on national history, culture, political and economic circumstances. This is reflected in the social and tax legal framework of pension products which are in the sole responsibility of Member States. One element of national PPP frameworks is often, as the discussion paper rightly indicates, that withdrawal of capital is limited or penalised. Capital transfer to a new provider might therefore be permitted or un-penalised only if the product includes the same specific features which contribute to achieving specific national retirement objectives. This might create obstacles to transferability for products without the required features, but this could be rectified by social objectives. In addition, there are fundamental difficulties which are caused by the insurance principle itself.	

Comments Template for Discussion paper on a possible EU-single market for personal pension products		Deadline 16 August 2013 18:00 CET
	An insurance contract promises or even guarantees benefits in the future. Therefore, in case of a contract-transfer, an assessment of the “value” of said future benefits is necessary. This value depends on many factors (at least: interest rate, mortality tables, cost- and surplus-structure) that differ, normally, between providers.	
Q9	<p>The answer applies to Q9 and Q10:</p> <p>First it should be assessed whether there is a need for increased cross-border trade of PPPs. As indicated in the general remarks, market entry of providers of PPPs can occur in several forms of which direct cross-border sales are only one. However, market integration in the life insurance sector is often realized through national subsidiaries. German insurers believe there is not enough empirical evidence that this situation results in insufficient integration or even market failure that have to be overcome.</p>	
Q10		
Q11	<p>This comment applies to Q11 to Q15:</p> <p>Each Member State has a special regulatory framework for supplementary pensions. In Germany the framework is in particular intended to provide security for pension savers by protecting them against the risks of investment loss and longevity. Furthermore, it has to be taken into account that savings needs of consumers differ according to their national pension systems. Such a specific framework for pensions could only exist with corresponding rules for taxation. This complex correlation could not easily be changed by EU-law. Detailed regulation on taxation of PPP can only be prescribed at national level because of Member State’s responsibility for tax legislation.</p> <p>There might be only few tax obstacles in a cross-border situation, but in general such obstacles are not new and could be overcome. On the one hand, for example, there are effective solutions to solve double taxation problems by double taxation agreements. On the other hand the „taxation problem” is already defused by the fact that over the last 20 years Member States increasingly introduced deferred taxation and this trend is still going on.</p>	

**Comments Template for
Discussion paper on a possible EU-single market for personal pension
products**

**Deadline
16 August 2013
18:00 CET**

	In this context a new European PPP tax framework and especially a 2 nd regime would not be a solution for better PPP transferability. The best way to develop a secure, workable, targeted, proportionate, effective, efficient and standardized process might be to leverage existing tax information reporting that is currently in place in most jurisdictions. Any other new development will place an unnecessary and disproportionate burden on financial institutions and their customers.	
Q12		
Q13		
Q14		
Q15		
Q16		
Q17		
Q18		
Q19	See general comments. With regard to insurances, obstacles resulting from contract law are currently under discussion.	
Q20	See general comments. As already stated there, we consider the single market for personal pension products as already well developed. Before we can make an assessment on the second question, it should be clarified whether there is a need for increased cross-border trade. Moreover, the debate in the European expert group on an optional European insurance contract law should be concluded first. At this point, the German insurers do not wish to anticipate or predetermine any results regarding the advantages of an optional European insurance contract law. Although EIOPA's paper does not specifically focus on the area of contract law, parallel and disconnected discussions should be avoided.	
Q21	See our general comments and our answer to Q20. If an optional 2nd regime is introduced, it should not lead to any disadvantages for the 1st regimes (level playing field)	
Q22	See Q11	

Comments Template for Discussion paper on a possible EU-single market for personal pension products		Deadline 16 August 2013 18:00 CET
Q23	The 2nd regime should be designed in a way, that does not impeded competition and product innovation. Moreover, it should not lead to disadvantages of the respective 1 st regimes.	
Q24	See our answers to Q21 and Q23. In addition: The current regulatory framework for insurers (Solvency II) expressively does not provide for a prior approval or systematic notification of policy conditions (compare Art. 21, 181, 182 of the Directive 138/2009/EC, "Solvency II")	
Q25	See our answer to Q23. In general we support the approach of "same risk, same rules, same capital", e.g. the rules should sufficiently reflect the true risk profiles of the providers.	
Q26	There is already a well-functioning regulation on EU-Level, which is complemented by national rules, which are adapted to the respective national characteristics (see general comments). The answers to the following questions reflect the substantial discussions about transparency in the life insurance sector in Germany.	
Q27	We doubt that a layering approach is the best or only way to inform the customers efficiently (see Q28). We therefore suggest a survey about the existing regulation on national levels <u>and</u> a consideration of similar EU initiatives (DG Sanco: "Consumer Protection in third-pillar retirement products"). The outcomes of the EP-ECON committee's questionnaire on "enhancing the coherence of EU financial services legislation" could be helpful.	
Q28	The main problem of a layering approach is, that the relevance of information depends on several factors: the country (i.e. the tax and social security system), the customer (time until retirement, savings gap, ...) and the moment of information (1. Should I invest in pensions? 2. If yes, which type of product?/which provider? 3. What specific offer?)	
Q29	The issues in parenthesis could not be addressed by product information. The identification of savings gaps demands a thorough assessment of the personal situation, i.e. one needs personal information not product information. As EIOPA rightly pointed out in the report on "Good practices on information provision for DC schemes", the answer to such questions could be supported by personal annual statements but not at the pre-contractual stage.	
Q30	The use of KID-like information is in general very useful. Therefore, Insurance-KIDs already exist in every developed EU insurance market. The national KIDs reflect the characteristics of national markets. We do not consider an additional or even compensating "one size fits all"-KID would lead to better consumer information.	

**Comments Template for
Discussion paper on a possible EU-single market for personal pension
products**

**Deadline
16 August 2013
18:00 CET**

Q31	<p>The UCITS-Risk-Reward-Indicator (RRI) is not appropriate for PPP – if we may add: not even for UCITS-funds. The RRI is based on the historical five year volatility. The main shortcomings of this approach are in particular:</p> <ul style="list-style-type: none"> - The five year period does not lead to a robust classification - The RRI is only based on a risk-measure, i.e. it is a risk-indicator, <u>not</u> a risk-reward-indicator. - Volatility is not appropriate as a risk measure, because positive deviations (i.e. the customer gets <u>more</u> than expected) are considered as a “risk”. <p>A particular problem with risk-reward-classification of PPPis: Normally, there are two different phases (Phase 1. The customer pays the premium Phase 2. The provider pays the annuity), which could have totally different risk-reward-classes, i.e. Phase 2 can be much less risky. Apart from this specific problem, we think that useful risk-reward-classification should be based on the following principles:</p> <ul style="list-style-type: none"> - An RRI for PPP should look forward, instead of looking back, i.e. stochastic scenarios instead of historical figures. - All providers should use the same asset model with the same calibration (e.g. a two-asset-model with shares and bonds). - The reward-measure should be the mean value of the return, the risk measure should be one-sided, e.g. CTE 20% (description: the mean value of the 20% worst scenarios) - There should be an even number of classes, to avoid a “middle class” (unfortunately, there are 7 UCIT-classes ...). 	
Q32	<p>In general, the “investment horizon” could not replace a risk-reward indicator. In case of pensions, the investment horizon of the customer depends on external conditions: The retirement age is specified within a relatively narrow time frame. Therefore, the investment horizon is not a useful criteria for pensions.</p>	
Q33	<p>Here, the same problem arises as with the risk-reward-classification of PPP: There are two different phases, which could have a different risk- and a different cost-structure (see Q31).</p>	

Comments Template for Discussion paper on a possible EU-single market for personal pension products		Deadline 16 August 2013 18:00 CET
	Nevertheless, there is one fundamental principle, which should be respected: The cost should not be presented in an isolated way, but in connection with the benefits – i.e. a price-performance ratio is needed instead of a pure cost-ratio. In Phase 1 the benefits for the customer consists mostly of the achieved yield. In Phase 2 the benefits for the customer consist of the annuity payment. Therefore in Phase 1 we consider a Reduction in Yield-approach as appropriate, in Phase 2 a Reduction in Payment-approach.	
Q34	Yes, but it is crucial to use <u>several</u> scenarios with accompanying, explanatory texts, to avoid the costumer to misunderstand the information provided.	
Q35		
Q36	Requirements of format and time of delivery should take into account the variety of distribution channels and media, through which a consumer might wish to purchase a product. Consumers should have access to different choices of mediums specific to the product type offered in that market.	
Q37	We think that standardization of the format is only reasonable, if there is a really narrow scope – e.g. currently in Germany a special KID for so-called “Riester-Rente” is introduced. If there is a wide scope - e.g. the Insurance-KID in Germany - there is no need for further standardization.	
Q38	There already exist several directives at EU-Level which have been implemented into German law among others into the “Gesetz gegen den unlauteren Wettbewerb” (act against unfair competition). With regard to the insurance sector we do not see the need for new additional regulation.	
Q39		
Q40	<ul style="list-style-type: none"> - The current value of the contract. - If projections are used in the pre-contractual information, it would make sense to update this information. 	
Q41	We already explained our reservation against the layer-approach (see Q27, Q28). We cannot see any advantage in a layering-approach for on-going information. Or, to put it in other words: The on-going information should be limited to “must know”-information.	
Q42	Yes, they should be provided in the pre-contractual phase and in the on-going information (see Q34, Q40)	

Comments Template for Discussion paper on a possible EU-single market for personal pension products		Deadline 16 August 2013 18:00 CET
Q43	The on-going information could be used (see Q40). Normally, switching will lead to additional costs. The customer should be informed about this fact. Before termination, the customer should be informed about the current value of his/her contract, corresponding to the on-going information, but without the projections, which are no longer necessary.	
Q44	The issues in parenthesis could not be addressed by product information. The said overview can only be achieved by personal information. In countries where such overview exists, it is provided by an independent agency.	
Q45	See Q44	
Q46	See Q37	
Q47		
Q48	On-going information should be presented annually.	
Q49	In our view, it is neither necessary nor useful to develop a regulation for all conceivable, unscheduled information.	
Q50	On request, a customer will be provided with all information he wants apart from those are categorized as business secrets. However, as already said in Q49, it is neither necessary nor useful to develop a regulation for all conceivable, unscheduled information.	
Q51	That is not impossible, but a lot of technical and legal problems need to be solved, e.g. data protection issues.	
Q52	As a minimum, the "last" on-going information could be used (see Q43). In individual cases further information might be useful, but we do not think it is necessary to develop general guidelines for these cases.	
Q53	See Q41.	
Q54	The most important "information" is the monthly payment to the account of the customer. Further information should only be necessary if the payment changes.	
Q55	See Q41.	
Q56	The answer applies to Q56 - Q63 German insurers question the need for establishing an additional cross-sectoral regulation for intermediaries of pension products. The engagement of a variety of providers in the marketing of	

Comments Template for Discussion paper on a possible EU-single market for personal pension products		Deadline 16 August 2013 18:00 CET
	pension products as well as the need for interaction and proximity to the consumer also contribute to national differences in how pension products are mediated. An established European framework already exists, e.g. directives on mediation of insurance products (IMD 1/2 (2002/92/EC currently under review) and also on other financial products MiFID 1/2 (Directive 2004/39/EC currently under review), on distance marketing of financial services (Directive 2002/65/EC) and finally on E-commerce (Directive 2000/31/EC). Those directives take into account the characteristics of the respective sales processes. A cross-sectoral approach to pension product intermediation could lead to inconsistencies and overregulation of intermediation without increasing consumer protection. Above all, there is also a risk to make advice for consumers more expensive.	
Q57		
Q58		
Q59		
Q60		
Q61		
Q62		
Q63		
Q64	<p>Yes, there is a need for high level principles: The specification of adequate knowledge and ability of the intermediary when carrying on personal pensions mediation with their customers should be determined by the Member States as follows: Insurance intermediaries as well as members of staff of insurance undertakings carrying out personal pensions mediation activities</p> <ol style="list-style-type: none"> i. act in accordance with ethical guidelines and fair treatment of the customer. ii. offer their advice when asked, or take the initiative when they identify a pension shortfall to be covered. iii. inform the customer about the type/kind and scope of their service. iv. do a needs analysis according to the information they receive from the customer. 	

Comments Template for Discussion paper on a possible EU-single market for personal pension products		Deadline 16 August 2013 18:00 CET
	<p>v. give advice on profound product knowledge. vi. give all relevant product information for the decision making of the customer before filing an application.</p> <p>The Member States shall specify these principles for personal pensions mediation with relevant knowledge and skills/ability.</p>	
Q65	Member States should ensure that personal pensions intermediaries and members of staff of insurance undertakings carrying out personal pensions mediation activities update their knowledge and ability through continuing professional development in order to maintain an adequate level of performance.	
Q66	Yes! MiFID II based provisions accordingly	
Q67	The answer to this question is very much bound to the national tax system and the legal framework. The details for the level and complexity of knowledge and skills should be left to the national qualification system. Otherwise it could for example collide with national restrictions for legal advice (for example in Germany).	
Q68	A main quality characteristic of retirement products is to provide secure income in old age and that the provider must be able to meet his contractual obligations. For that purpose prudential regulation and oversight is necessary which is already in place for retirement products offered by insurers. Solvency II as well as the former life insurance directive (Directive 2002/83/EC) expressly object a prior approval or systematic notification of policy conditions. Freedom of product design should encourage innovation and flexibility. Collective consumer protection is achieved by effective prudential supervision. Individual protection from unsuitable products should primarily be achieved through information. The consumer should receive the information which is necessary to benefit from competition and choose out of a preferably wide range of products the one that meets his/her needs.	
Q69	See Q68 and Q70. German insurers question how a pension product that does not fit into the national pension landscape could be suitable for auto-enrolment mechanisms.	
Q70	The questions are unclear because they lack a definition of a certification scheme. It remains unclear how and what exactly should be certified and achieved thereby at the European level. In Germany, certification is only required for specific third-pillar retirement products (Riester and	

Comments Template for Discussion paper on a possible EU-single market for personal pension products		Deadline 16 August 2013 18:00 CET
	<p>basic pensions), which are directly linked to the first pillar pension system. The certification verifies certain product features in order to be eligible to state subsidies.</p> <p>German insurers would oppose any intention of the European Commission to create a certification scheme that includes ex ante product control and the creation of a new authority. Solvency II as well as the former life insurance directive expressly object a prior approval or systematic notification of policy conditions. The principle of freedom of product design should encourage innovation and flexibility. The directives are based on the concept that collective consumer protection is achieved by effective prudential supervision. Individual protection from unsuitable products should primarily be achieved through information. The consumer should receive the information which is necessary to benefit from competition and choose out of a preferably wide range of products the one that meets his needs best.</p>	
Q71	<p>See 68 and 70. It is unclear how the criteria “more likely to lead to a poor pension outcome” should be determined. A product ban should aim to protect consumers against detrimental products. Based on the concept of Solvency II it is not the task of the prudential supervision to assess the suitability of a product’s design for a specific purpose or to encourage a specific product design. Any product ban must respect the principle of proportionality. Product banning has to be used carefully as it has strong signaling effects on markets and reputation of undertakings.</p>	