

<b>Comments Template on Consultation Paper on Technical Advice on possible delegated acts concerning the Insurance Distribution Directive</b>		<b>Deadline 3 October 2016 18:00 CET</b>
Name of Company:	Genossenschaftsverband Bayern e.V. (GVB – Bavarian Association of Cooperatives)	
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Reference	Comment	
General Comment	In the present consultation document it is defined, among other things, in which cases it is permitted to pay commissions for the distribution of insurance. After lengthy discussions in Brussels, as part of the triologue negotiations between the European Commission, the European Parliament and the Council, the Insurance Distribution Directive (IDD) includes a national option to keep a system of commissions in insurance distribution. Thereafter inducements shall be allowed formally, as long as	Public

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they do not have a detrimental impact on the quality of the relevant service to the customer. However, in the Draft Technical Advice on inducements on pp. 54 et seq., there is defined a whole bunch of criteria to be met by insurance intermediaries or insurance undertakings. These conditions will lead to a de facto prohibition of commissions in insurance distribution. Therefore the national option to maintain commissions is eroded and the intention of the EU legislators is clearly disregarded.

The rules of the Draft Technical Advice are clearly to the expense of the European consumers. Because commissions are allowing a competent and comprehensive financial advice, as offered by the Bavarian Volksbanken and Raiffeisenbanken in their well-equipped branches that are always held up-to-date technologically. An essential part of these advisory services is the distribution of insurance. Also from the perspective of consumer protection the basic risks of life of the customers, such as liability or occupational disability, have to be covered before they should start with the accumulation of their financial assets. In view of the increasing information and documentation requirements from Brussels, commissions are also necessary to ensure, in the future, a holistic and affordable insurance advice for everyone.

The EU legislators clearly wanted to allow a juxtaposition of commission-based and fee-based advisory services. The standards need to be revised accordingly so that commission-based advisory services remain feasible. This is the only way for the banks to still being able to offer comprehensive financial advisory services to everyone.

Question 1	No comment	
Question 2	No comment	
Question 3	No comment	
Question 4	No comment	
Question 5	No comment	
Question 6	No comment	
Question 7	No comment	
Question 8	No comment	

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Question 9	No comment	
Question 10	No comment	
Question 11	Whether a business transaction has a detrimental impact on one of the parties involved, is generally always in the eye of the beholder. We hereby fundamentally support the proposal of taking a holistic view of the underlying transaction. Providing a list of more or less ambiguous conditions, however, is the wrong way in this case. We advocate leaving the judgment over this, in dialogue with the bank, to the customer himself.	Public
Question 12	Such a list is neither necessary nor effective for the protection of the consumers. The mentioned criteria allow for a wide margin of discretion, particularly as the list is explicitly non-exhaustive. This will always lead to a subjective decision. In addition, due to the legal uncertainty and the vague legal concepts like "detrimental impact" and "in the best interest of the customer", a useful and necessary insurance contract for the customer might possibly be rejected.	Public
Question 13	In Germany the commission-based insurance distribution is, and has always been, the rule. This model has proven itself over time. The commission-based advisory ensures a comprehensive service for all customers on all income tiers. A prohibition of commissions in contrast will exclude large parts of the population from accessing essential insurances. Not every customer can afford the fee for an expensive consultant. It is actually not the type of compensation that is decisive for better consumer protection, but the quality of the advisory services. The Bavarian cooperative banks are continuously looking for improvement in this area, in favour of the customer and consumer protection.  A prohibition of commissions would disadvantage small investors. Only with commission-based advisory services a consultancy can also be offered to customers with limited financial resources. In addition, commissions also allow a qualified and personal advice for insurance products with low contribution rates (personal liability, travel insurance, etc.).	Public
Question 14	No matter if it is about investment or about insurance: The decisions on their financial transactions with the Bavarian cooperative banks are always made by the customers themselves. Therefore the banks are providing the customer with any information that	Public

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	could be crucial to his decision to then consider together with the customer, whether the conclusion of a specific deal makes sense for him (or is in his "best interest"). Hence, there is no need for protection of the customer by the legislators in this context.	
Question 15	No comment	
Question 16	No comment	
Question 17	No comment	
Question 18	No comment	
Question 19	No comment	
Question 20	No comment	
Question 21	No comment	
Question 22	No comment	
Question 23	No comment	
Question 24	No comment	
Question 25	No comment	
Question 26	No comment	