

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:	Verband der Automobilindustrie e.V. Arbeitskreis der Banken und Leasinggesellschaften der Automobilwirtschaft	
Disclosure of comments:	EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential. 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.	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 "reference"; if you change numbering, your comment 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 paragraph or a cell, keep the row <u>empty</u>. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. <p>Please send the completed template, in Word Format, to CP-16-006@eiopa.europa.eu.</p> <p>Our IT tool does not allow processing of any other formats.</p> <p>The numbering of the questions refers to the Consultation Paper on Technical Advice on possible delegated acts concerning the Insurance Distribution Directive</p>		
Reference	Comment	
General Comment	The leading automobile manufacturers together with their financial service providers (captives) have been offering their customers the insurance products necessary for unrestricted mobility at the car dealerships for more than 60 years. Such offers include, for example, car-related personal liability insurance as well as partial and fully	

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comprehensive cover.
Moreover, the existence of a sales channel through the dealerships represents a further option for consumers to choose from and therefore promotes the competition to provide the best offers in the motor vehicle insurance segment.
Insurance brokerage is of great importance for the automotive value-added chain, offering the customer the opportunity of obtaining everything he needs from a single source: the motor vehicle, the financing and the necessary insurance cover. Surveys show that customers want to receive such an offer from their car dealer.
On the other hand, insurance products are of particular important for the car retail sector since, in the event of a claim, the customer can rely on the fact that his vehicle will be repaired by a workshop that enjoys his trust and that provides the appropriate high level of quality and service. In view of the stiff competition in the automobile industry, it is above all the car workshop business that is one of the major sources of income for car dealerships.
Since captives and car dealers only distribute retail insurance products, our response only covers EIOPA's technical advice with regard to POG.

Preliminary remarks

For captives, it is important to make a clear distinction between manufacturers and distributors. Due to closer contacts to customers, distributors help manufacturers to design new products.
However, the manufacturer always retains the authority as regards pricing, terms and conditions as well as essential product details. The manufacturer decides on what, when and how a product is marketed and instructs the distributor on how to sell the product to whom.
We therefore would like to point out that the **main responsibility for product oversight and governance of insurance products should always remain with manufacturers, as is the case in the banking field.**

Question 1

At present, it is difficult to estimate the costs. However, it is obvious that additional costs will bind resources. Benefits for insurance companies are not apparent.

Public

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Question 2	The presented product oversight and governance arrangements are more than sufficient.	Public
Question 3	No.	Public
Question 4	At present, costs cannot yet be estimated.	Public
Question 5	<p>The scope of activities identified by EIOPA as substantial involvement in the manufacturing process of insurance products is too wide.</p> <p>We would like to point out that it is important to make a clear distinction between manufacturers and distributors. Even if insurance intermediaries make contributions to the process of designing a product, they should not be viewed as manufacturers nor should they be required to take responsibility.</p> <p>For example, the mere act of an insurance intermediary to enquire about the possibility to provide coverage that does not yet exist in that market - in response to a customer's request for it - cannot be seen as "incisive".</p> <p>An intermediary rarely plays a <i>key</i> role in the design and development of insurance products. In general, the manufacturer always has the final authority to decide on product details, timing of market launches and definitions of target markets. The manufacturer also carries full responsibility for these decisions – towards customers as well as supervisory authorities.</p> <p>Furthermore, the insurance undertaking is subject to a comprehensive supervision which involves disclosure of internal product approvals processes as well as risk management processes.</p> <p>Another important point in distinguishing the status of a manufacturer in comparison to that of the distributor is the fact that the distributor is subject to the directives of the manufacturer. That means the manufacturer has the right to instruct the distributor on what products should be sold to which target market and under which conditions. A further extension of the distributors' responsibilities and obligations</p>	Public

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	would be redundant, costly and would not lead to any tangible benefit for the customers.	
Question 6	Not applicable.	Public
Question 7	<p>It should be the responsibility of the manufacturer to define the target market for insurance products.</p> <p>However, we do not think that all proposed criteria to determine the target market are in fact relevant factors. It is important not to confuse the definition of target market with a potential miss-sell practice. For example, at the level of target market, it is not yet relevant – or feasible - to specify the required knowledge and financial capability of individual customers. The new standards should not compromise execution-only/non-advice sales which are very common in the retail financial services sector.</p>	Public
Question 8	Automatic reviews are not necessary. Insurance companies will always react to changes in the market and its risk management departments will initiate revaluations. The market itself will signalize an insurance company if an insurance product does not cover the policyholder's needs any more. The reason for revaluations - if a legal obligation is deemed necessary - should not be a fixed period of time but rather changed requirements, taking consideration of the products and business models involved	Public
Question 9	Not applicable.	Public
Question 10	Not applicable.	Public
Question 11	Not applicable.	Public
Question 12	Not applicable.	Public
Question 13	Not applicable.	Public
Question 14	Not applicable.	Public
Question 15	Not applicable.	Public

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Question 16	Not applicable.	Public
Question 17	Not applicable.	Public
Question 18	Not applicable.	Public
Question 19	Not applicable.	Public
Question 20	Not applicable.	Public
Question 21	Not applicable.	Public
Question 22	Not applicable.	Public
Question 23	Not applicable.	Public
Question 24	Not applicable.	Public
Question 25	Not applicable.	Public
Question 26	Not applicable.	Public