

Comments Template on EIOPA-CP 13/016 Consultation Paper on a Draft Report on Good Supervisory Practices regarding knowledge and ability requirements for distributors of insurance products		Deadline 23 September 2013 12:00 CET
Company name:	German Insurance Association, Wilhelmstr. 43G, 10117 Berlin (ID Number 6437280268-55)	
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"> ⇒ <u>Do not change the numbering in column "Reference", or any other formatting in the file.</u> ⇒ 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-13-016@eiopa.europa.eu, in MS Word Format, (our IT tool does not allow processing of any other formats).</p> <p>For your convenience, the complete list of questions is outlined below:</p> <ol style="list-style-type: none"> 1. <i>Does this Report address the most relevant issues? If not, what other aspects should EIOPA consider?</i> 2. <i>Is this Report helpful in informing the debate over appropriate knowledge and ability requirements for distributors of insurance products (particularly, in the light of the current</i> 		

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<p><i>negotiation of the IMD2 proposal)?</i></p> <p>3. <i>Do you consider that the high-level principles cover the right aspects of knowledge and ability?</i></p> <p>4. <i>Does the section on continuous professional development (CPD) cover the most relevant issues?</i></p> <p>5. <i>What do you think of EIOPA's suggestion, as an example of a minimum level of CPD, of 30 hours study activities within a period of 3 years (or an equivalent amount on an annual basis)?</i></p>		
Reference	Comment	
General Comment	<p>The German insurance industry</p> <ul style="list-style-type: none"> • considers adequate knowledge and ability requirements for distributors of insurance products to be an indispensable component of effective consumer protection; • supports the proposal made by the EU Commission on the recast of the Insurance Mediation Directive (IMD2) according to which insurance intermediaries shall update their knowledge and ability through continuing professional development; • however, rejects the EU Commission's proposal to empower the Commission to adopt delegated acts with respect to appropriate criteria for determining the level of professional qualifications as stipulated in Article 8(8) of IMD2; • explicitly welcomes the vote of the competent ECON Committee in the European Parliament according to which only the Member States shall be entitled to set up appropriate criteria for determining the level of professional qualifications; • supports EIOPA's approach to take account of the requirements of the European Qualification 	

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	Framework (EQF) as well as of the existing initiative on a sectoral qualifications framework of the European Financial Certification Organisation (eficert), which may serve as basis for mutual recognition of the qualifications of insurance intermediaries of the Member States, when determining best practices.	
Q1.	The EIOPA Report addresses the key issues of training and professional development and of the recognition of qualifications of other Member States. However, when differentiating between "knowledge" and "ability", it does not take account of the matrix and descriptors which have become part of the standard repertoire of qualified training providers in the European insurance industry after the European Qualification Framework (EQF) had been implemented. It would be more appropriate to differentiate according to the descriptors "knowledge", "skills" and "competence", for instance, and to use the eight levels of the European Qualification Framework (EQF), which are structured in a hierarchical way, to describe skills profiles with respect to distribution channels, scope and depth of the mediation process and the respective customer groups. EIOPA should also take account of existing initiatives in this context. For more than ten years, the European Financial Certification Organisation (eficert) e.V. has been working on the development of a sectoral qualifications framework for the European insurance industry, which has already been accepted and recognised in many Member States and in Switzerland. Eficert has its own website www.eficert.org , which describes the objectives of the organisation as well as the results which have been achieved so far. As a result, the question arises whether and to what extent EIOPA wants to develop the skills requirements for insurance intermediaries and distribution channels itself or whether and to what extent – in case EIOPA is in charge of it – it wants to take account of existing industry-wide professional European initiatives. The objective of such a development should not be the harmonisation of national professional training of insurance intermediaries but the display of these qualifications on the EQF matrix. This way, mutual recognition of the professional qualifications of insurance intermediaries would become less bureaucratic when intermediaries move to a host Member State and transnational mobility would be strengthened in terms of the freedom of services and the freedom of establishment.	
Q2.	The Report is helpful in advancing the debate about the knowledge and abilities of insurance intermediaries. However, it does not clarify in which organisational structures the requirements for training and professional development and the principles of mutual recognition of professional	

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	<p>qualifications shall be reflected in the future. According to the German insurance industry, EIOPA shall not exert any direct influence on the curricular requirements in the Member States with respect to training and professional development. The autonomy of national qualifications in the context of professional licensing of insurance intermediaries should not be affected by delegated acts as well as by the description of best practices in this Report. The decision of what kind of learning objectives and learning contents shall be developed for each target group with respect to the different statuses of insurance intermediaries shall be left to the Member States. Due to the variety and diversity of distribution channels in Europe, in particular, the development of uniform training guidelines would result in the fact that neither the requirements of the different markets nor the requirements of consumers will be met. It should rather be analysed in detail with respect to the different distribution forms and channels in which way, to what extent and at which depth the mediation process takes place.</p> <p>Nevertheless, irrespective of the different detailed requirements in the Member States, a transnational framework, which should be based on the principles of the EQF, would be imaginable with respect to mutual recognition of the qualifications of intermediaries when intermediaries move to a host Member State (see no. 1).</p>	
Q3.	<p>As stated under no. 1, the differentiation between “knowledge” and “ability” has created some proximity to the EQF, but an increased adoption of the matrix and descriptors of the European Qualification Framework would increase the transparency of the approach. An initial approach, which should be applicable all over Europe even without a framework to describe the level of skills, is possible with respect to the high-level principles since it reflects general codes of conduct:</p> <p>Insurance and reinsurance intermediaries as well as members of staff of insurance undertakings carrying out insurance mediation activities</p> <ol style="list-style-type: none"> i. treat customers in a fair way, ii. offer their advice on request or take the initiative if they recognise a respective need on the part of the customer, iii. inform customers about the nature and scope of their services, iv. develop a customer requirements analysis based on the information provided by the customer, 	

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	<ul style="list-style-type: none"> v. provide advice based on sound product knowledge, vi. provide product information relevant for the customer's decision to the customer prior to filing an application. 	
Q4.	<p>There is no doubt about the fact that lifelong learning is indispensable in a modern and competitive European society. Thus, it is clear that this principle is also of prime importance for the future of insurance intermediaries operating in Europe. However, to a larger extent than other sales areas, insurance mediation is subject to a continuous change of legal and social conditions. For instance, the advisory tasks of intermediaries become significantly more complex and involve more responsibility as a result of the demographic change in many Member States.</p> <p>Continuous professional development (CPD) should be implemented in a structured and well-organised way and should be comparable across companies if possible. The implementation, however, does not require the involvement of public authorities, but should be the task of neutral and professional institutions which are recognised by the insurance industry.</p> <p>The intention to mainly only realise an updating of already acquired knowledge and abilities by means of CDP is considered to be a deficit of previous approaches. The aspect of professional development in terms of extending areas of expertise by means of increasing knowledge and abilities should be given more consideration.</p>	
Q5.	<p>This suggestion is not appropriate to lay the foundation for consensus at European level. Stipulating a minimum requirement of a certain amount of hours for all intermediaries does not take account of the nature, scope and depth of the advisory and mediation process. Frequent and continuous professional development should take place at various levels of quality and quantity, which take account of the different statuses and activity profiles of insurance intermediaries in the individual Member States. A certain amount of hours may be sufficient for an intermediary working part-time or for product-accessory intermediaries, but it may not be sufficient for full-time and full-range intermediaries. Timely requirements should mainly depend on the diversity of the product range to be distributed. Part-time or product-accessory intermediaries will usually have less need for professional development than full-time intermediaries.</p>	