

Country-by-country analysis - Germany

Annex IX to the Report on the application of the
Insurance Distribution Directive (IDD)

Consumer Protection Department
EIOPA REGULAR USE
EIOPA-BoS-21/584
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eioipa

European Insurance and
Occupational Pensions Authority

Note:

Powers of national competent authorities (NCAs):

In January 2021, EIOPA launched an online survey addressed to NCAs to gather input as to whether they are sufficiently empowered to carry out their tasks. The following information is based on the response from the Federal Financial Supervisory Authority (BaFin) to this survey.

The figures should be interpreted with some caution as insurance markets – including the number and type of insurance intermediaries operating therein – vary significantly across Members States, as well as the supervisory structure and framework. **There are, therefore, limits to the level of comparability of data.**

Changes in the EU insurance distribution market:

In February 2021, EIOPA launched a survey addressed to NCAs to gather information on the insurance intermediaries' market structure and patterns of cross-border activities. The following information is based on the response from the Federal Financial Supervisory Authority (BaFin) to this survey.

The figures should be interpreted with some caution as there are differences as to how intermediaries are registered in their home Member State, in the national categories of insurance intermediaries and in the approaches by NCAs to collect data.

GERMANY

Information on the insurance intermediaries' market structure and patterns of cross-border activity

General data of the national market (2020):

	Amounts	Share total EEA
Population (in 1000) ¹	83,166	18,6%
(Re)insurance GWP (in million) ²	309,346.89	19.9%
Number of (re)insurance undertakings ³	333	13.7%
Number of registered insurance intermediaries	196,914	22.1%

National competent authorities:

Federal Financial Supervisory Authority (BaFin) (insurance undertakings)

The Association of German Chambers of Industry and Commerce e.V (DIHK) is the joint body responsible for the technical operation of the 'Broker Registry' on behalf of the Chambers of Industry and Commerce (§ 11a Para 1 Sentence 2 of the German Trade Regulation Act, GewO).

¹ Based on eurostat data:

<https://ec.europa.eu/eurostat/documents/2995521/11081093/3-10072020-AP-EN.pdf/d2f799bf-4412-05cc-a357-7b49b93615f1>

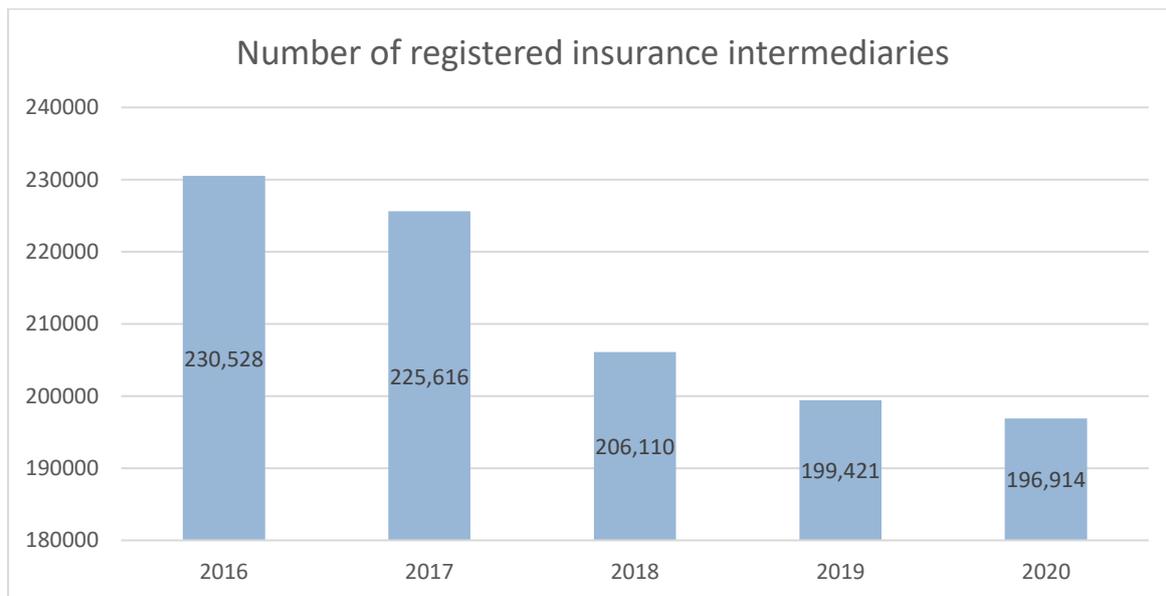
² (Re)insurance GWP includes life and non-life premiums generated by domestically registered undertakings year-end 2020 based on annually reported SII information:

https://www.eiopa.europa.eu/tools-and-data/insurance-statistics_en#Premiums,claimsandexpenses

³ Number of (re)insurance undertakings includes the domestically registered undertakings. Based on SII information (see link above)

Regulatory authority lies with the individual IHKs and not the DIHK. Additionally, the local Trade Supervisory Authorities have certain powers in relation to insurance intermediaries, in particular regulatory competences.

Registered insurance intermediaries:



Comments provided by the NCA on the figures included in the chart above:

The chart shows the number of insurance intermediaries without distinguishing between natural and legal persons. The IHKs / the DIHK do not keep that information for statistical purposes.

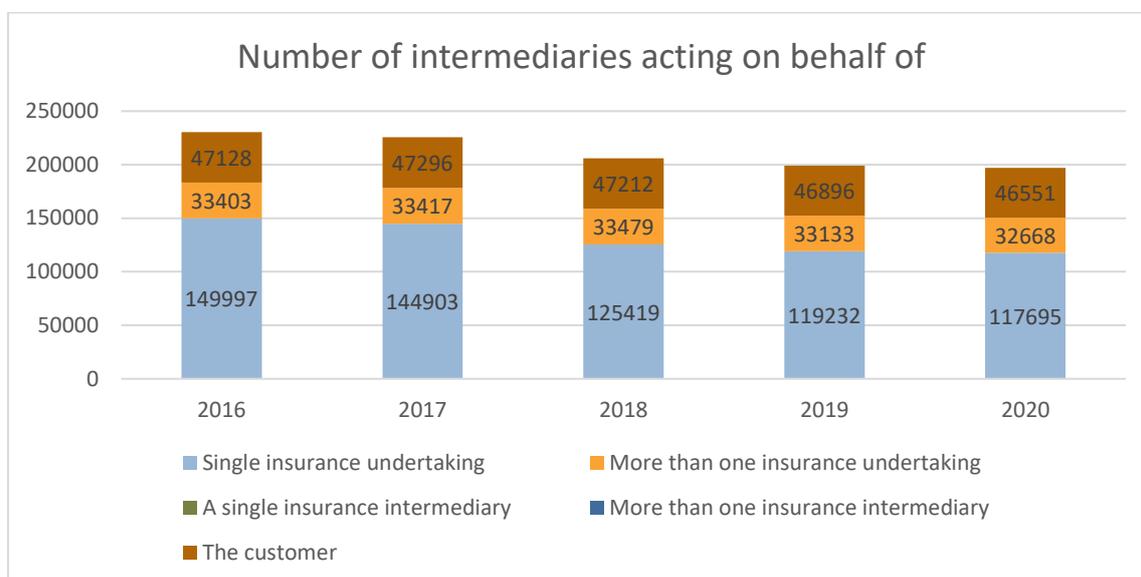
The information can be found on the website of the DIHK, <https://www.vermittlerregister.info/en/statistics>.

Online registration system:

In general, Germany provides the opportunity to register online. On the website of the DIHK insurance intermediaries can register online.

Insurance intermediaries have to assure that they are registered in the online registration system provided by the DIHK.

Registered insurance intermediaries split by categories based on the activities of insurance intermediaries:



Comments provided by the NCA on the figures included in the chart above:

In the DIHK's statistics there is no distinction between insurance intermediaries, acting on behalf of insurance undertakings and acting on behalf of insurance intermediaries. That is why there are no numbers for categories 3 (a single insurance intermediary) and 4 (more than one insurance intermediary). Insurance intermediaries of category 1 (single insurance undertaking), „Gebundene Versicherungsvertreter“ (tied agents), act (directly or indirectly) on behalf of one insurance undertaking / one insurance group or (directly) on behalf of one insurance intermediary (that itself is acting on behalf of one insurance undertaking / one insurance group) selling only products of the same kind of one insurance undertaking. Insurance intermediaries of category 2 (more than one insurance undertaking), „Versicherungsvertreter mit Erlaubnis“ („insurance agents“) and „produktakzessorische Vertreter“, are licenced to act on behalf of more than one insurance undertaking. Insurance intermediaries of category 5 (customer) include „Versicherungsmakler“ („broker“), „produktakzessorische Makler“ and „Versicherungsberater“ („insurance advisors“ who are remunerated only by the customer) are licenced to act on behalf of the customer.

Registered insurance intermediaries split by categories based on the way in which they are paid:

BaFin and the IHKs / the DIHK do not have the requested data to split insurance intermediaries in categories based on the way in which they are paid.

In Germany, the typical kind of remuneration models of insurance intermediaries exist. However, Germany does not systemically collect data about the way of remuneration.

The by far most common remuneration model in life insurance is the payment of acquisition commissions paid by insurance undertakings as a percentage of the premiums paid by the customer, mostly paid upfront. The acquisition commissions are paid by the insurance undertaking to remunerate the intermediaries' successful brokerage of a contract regardless whether the intermediary acts on behalf of the insurance undertaking („tied agents" and "insurance agents") or on behalf of the customer („broker"). This acquisition commission is most often complemented by some 'other type of remuneration', including an economic benefit of any kind offered or given in connection with the insurance contract' that is also paid by the insurance undertaking and included in the premium. BaFin estimates that more than 75% of the insurance intermediaries in the life insurance market are remunerated this way.

BaFin has conducted two comprehensive surveys on payments of life insurance companies for the mediation of new business in 2017 and 2018. The first study was part of the evaluation of a package of law changes regarding life insurance (Gesetz zur Absicherung stabiler und fairer Leistungen für Lebensversicherte). As a result, the second more detailed study took place. A brief summary of the outcome of the second study is available in English. You can find it here:

https://www.bafin.de/SharedDocs/Veroeffentlichungen/EN/Meldung/2019/meldung_191211_abschlussprovision_abfrage_en.html;jsessionid=52C8C1F52189902962C878131464FAE0.1_cid500%20.

In non-life insurance – concerning retail business' – the remuneration practice is similar to life insurance regarding the fact that the remuneration is paid by the insurance undertaking and not the customer.

Regarding 'commercial/industrial business' and „Versicherungsmakler" acting on behalf of the customers ('brokers') it is more common that remuneration is paid by the customers without being able to give an estimation. We know that the option "renumeration paid directly by the customer" is less common in Germany. Fees paid by the customer are only typical for the small number of „Versicherungsberater" ('advisors').

Registered insurance intermediaries split by categories based on the basis in which they sell insurance products:

BaFin and the IHKs / the DIHK do not collect systematically specific data about the way insurance products are distributed. From the existing data collected it is not possible to draw conclusions required under this question.

GWP split by distribution channels:

BaFin and the IHKs / the DIHK do not have the requested data.

On the basis of data collected by the GDV (German Insurance Association) BaFin can provide the following numbers on the share of new business of the years 2018 (in brackets) and 2019 (see <https://www.gdv.de/de/themen/news/vermittler-sind-wichtige-saeule-fuer-die-verbretung-der-riester-rente-61548>):

	Tied agents	Insurance agents	Broker	Credit institutions	Direct distribution	Other
Life	38.5 (39.8)	6.5 (6.8)	29.0 (28.6)	18.8 (18.5)	3.3 (2.9)	3.9 (3.4)
Non-life	47.6 (47.4)	2.3 (2.3)	26.2 (25.9)	5.0 (5.3)	14.1 (14.3)	4.8 (4.8)

Non-life is without ‘substitutive health insurance’ (that is a specific kind of health insurance that addresses mainly civil servants and other persons who are not members of the public health insurance as part of the German social security system). Credit institutions usually act as tied agents or insurance agents. Direct distribution includes business written through comparison-websites (online intermediation).

Proportion of online intermediation/sales (e.g. directly via websites, mobile applications, e-mails) in terms of the total volume of gross written premiums:

BaFin and the IHKs / the DIHK are not able to provide the data asked for about the proportion of online intermediation/sales because we do not collect this kind of data.

Number of domestic insurance intermediaries with a passport to carry out insurance mediation activities under freedom to provide services (FOS) or under freedom of establishment (FOE):

The German Chamber of Commerce and Industry does not save such data in a systematical way. It is only possible to provide daily numbers which can be collected from the online system. As of the date of 04 November 2021, a total number of 2337 intermediaries were allowed to conduct cross-

border business under FOS or FOE. Thereof, a number of 2207 acted under FOS and a number of 130 under FOE.⁴

Number of insurance intermediaries with a passport to carry out insurance mediation activities under FOS or under FOE at the reference date 04.11.2021 split by host Member State:

<i>Host Member State</i>	<i>1. FOS</i>	<i>2. FOE</i>	<i>3. TOTAL</i>
<i>Austria</i>	1651	34	1685
<i>Belgium</i>	529	5	534
<i>Bulgaria</i>	330	3	333
<i>Cyprus</i>	289	1	290
<i>Croatia</i>	202	1	203
<i>Czech Republic</i>	473	6	479
<i>Denmark</i>	376	3	379
<i>Estonia</i>	286	0	286
<i>Finland</i>	326	0	326
<i>France</i>	672	16	688
<i>Germany</i>	0	0	
<i>Greece</i>	358	8	366

⁴ Germany does not store data of the past about insurance intermediaries in a systematic way. Therefore only data is only available on a daily basis.

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<i>Hungary</i>	403	3	406
<i>Iceland</i>	198	1	199
<i>Ireland</i>	331	0	331
<i>Italy</i>	598	12	610
<i>Latvia</i>	291	2	293
<i>Liechtenstein</i>	231	0	231
<i>Lithuania</i>	303	0	303
<i>Luxembourg</i>	586	9	595
<i>Malta</i>	291	0	291
<i>Netherlands</i>	586	10	596
<i>Norway</i>	256	2	258
<i>Poland</i>	527	14	541
<i>Portugal</i>	349	4	353
<i>Romania</i>	375	3	378
<i>Slovakia</i>	361	1	362
<i>Slovenia</i>	335	1	336
<i>Spain</i>	597	23	620
<i>Sweden</i>	382	3	385
<i>Total EEA</i>	12492	165	12657

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Comments provided by the NCA on the figures included in the table above:

Please be aware that data is only available on a daily basis. It is not possible to provide data on a yearly basis. The numbers refer to 4 November 2021.

Information on the powers of the NCA

Statutory powers to implement the IDD:

Article 1(5) IDD = § 4 Absatz 1a Satz 1 Finanzdienstleistungsaufsichtsgesetz

According to Section 4 (1a) sentence 1 of the Finanzdienstleistungsaufsichtsgesetz (FinDAG), the Federal Financial Supervisory Authority (BaFin) is also obliged to protect the collective interests of consumers within its legal mandate. The fulfilment of this mandate requires market monitoring on the part of BaFin, which in particular also includes monitoring of insurance products that are marketed, distributed or sold in or from Germany.

Article 3(1) IDD = § 34d GewO

Central permission standard for insurance intermediaries; registration.

Article 4 - 8 IDD

Details of the cooperation of supervisory authorities under Articles 4 to 8 of the IDD (exercise of the freedom to provide services and the freedom of establishment) are set out in the EIOPA Decision on the Cooperation of Competent Authorities under the IDD, which is applied by the competent authorities.

Article 11 IDD

The publication takes place under the following links:

https://www.bafin.de/SharedDocs/Veroeffentlichungen/DE/Merkblatt/VA/mb_vorschriften_allgemeininteresse_idd_va.html

<https://www.vermittlerregister.info/vorschriften-des-allgemeininteresses>

Article 31 IDD = § 298 VAG

Article 32 IDD = § 34d Absatz 11 GewO + §§ 319, 329 Absatz 5 VAG

Article 33 IDD = § 34d Absatz 11 GewO; § 49 Absatz 2 VwVfG in Verb. mit § 34d

Absatz 5 Nummer 1 GewO, § 147c GewO, § 298 VAG, § 319 VAG, § 332 VAG

Art. 33 (2) letter b) and Art. 33 (3) letter a) are implemented by the BaFin's maladministration supervision pursuant to § 298 VAG for insurance undertakings.

With regard to insurance intermediaries, the power to issue order exists under Art. 33 (2) (b) and Art. 33 (3) (a) due to the general supervisory competence of the competent authorities; due to the principle of proportionality, the authority is obliged to first require the obliged party to cease a conduct (Art. 33 (2)(b)) before taking further sanctions.

According to § 49 paragraph 2 VwVfG in conjunction with § 34d paragraph 5 number 1 GewO, the licence can be revoked if the insurance intermediary is unreliable.

Article 35 IDD = § 34d Absatz 12 GewO, § 4d Absatz 1 FinDAG

Article 36 IDD = § 329 Abs. 5 VAG

Extent to which NCAs have not been sufficiently empowered to ensure the implementation of the IDD:

Not applicable

Most common supervisory tools to monitor the IDD implementation (1=least common; 5=most common)

Tools (BaFin)	Insurance undertakings
Market monitoring	4
Data-driven market monitoring, beyond complaints data analysis	4
Thematic reviews	2
Mystery shopping	n/a
On-site inspections	4

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Off-site monitoring	5
Consumer focus groups	n/a
Product oversight activities	3
Consumer research	2
Investigations stemming out of complaints	3
Other <i>a priori</i> supervisory activities (e.g., fit&proper assessments)	n/a

Tools (IHK)	Insurance intermediaries
Market monitoring	n/a
Data-driven market monitoring, beyond complaints data analysis	n/a
Thematic reviews	n/a
Mystery shopping	n/a
On-site inspections	5
Off-site monitoring	5
Consumer focus groups	n/a
Product oversight activities	n/a
Consumer research	n/a
Investigations stemming out of complaints	5
Other <i>a priori</i> supervisory activities (e.g., fit&proper assessments)	n/a

Supervisory tools adopted before and following IDD implementation:

Cells marked in **blue** means "yes" and cells marked in **grey** means "no".

Tools adopted (BaFin)	Adopted before IDD implementation	Adopted following IDD implementation	Is planning to adopt this or next year	Would like to adopt but is not empowered to adopt
Market monitoring	Blue	Blue	Grey	Grey
Data-driven market monitoring, beyond complaints data analysis	Blue	Blue	Grey	Grey
Thematic reviews	Blue	Blue	Grey	Grey
Mystery shopping	Grey	Grey	Blue	Grey
On-site inspections	Blue	Blue	Grey	Grey
Off-site monitoring	Blue	Blue	Grey	Grey
Product oversight activities	Blue	Blue	Grey	Grey
Consumer focus groups	Grey	Grey	Grey	Grey
Consumer research	Blue	Blue	Grey	Grey
Investigations stemming out of complaints	Blue	Blue	Grey	Grey
Other <i>a priori</i> supervisory activities (e.g., fit & proper assessments) – indicate below	Grey	Grey	Grey	Grey

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