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**SUMMARY OF RESPONSES TO THE CONSULTATION ON THE REVISION
OF THE INSURANCE MEDIATION DIRECTIVE**

1. INTRODUCTION

On 26.11.2010, the European Commission published a **Consultation document on the Review of the Insurance Mediation Directive (IMD)** and invited Member States and interested parties to submit comments on the options identified in the consultation by 28 February 2011. This document is a summary of the received contributions.

2. CONSULTATION DOCUMENT

The aim of the consultation document was to invite stakeholders to comment on the current functioning of and a number of possible changes to the Insurance Mediation Directive. The responses will provide important guidance to the Commission services in preparing a formal Commission proposal.

All interested parties were invited to respond to the questions raised in this consultation document. In particular it is envisaged that developers of insurance products (insurance undertakings and their employees), insurance intermediaries responsible for selling and distributing these products, EIOPA as well as supervisory authorities in the Member States, consumers and their associations will be interested in this consultation document.

Respondents were invited to be as specific as possible in their responses by illustrating their positions with concrete examples and identifying, where possible, the nature and size of any costs and benefits related to the different issues raised.

3. RESPONSES TO THE CONSULTATION

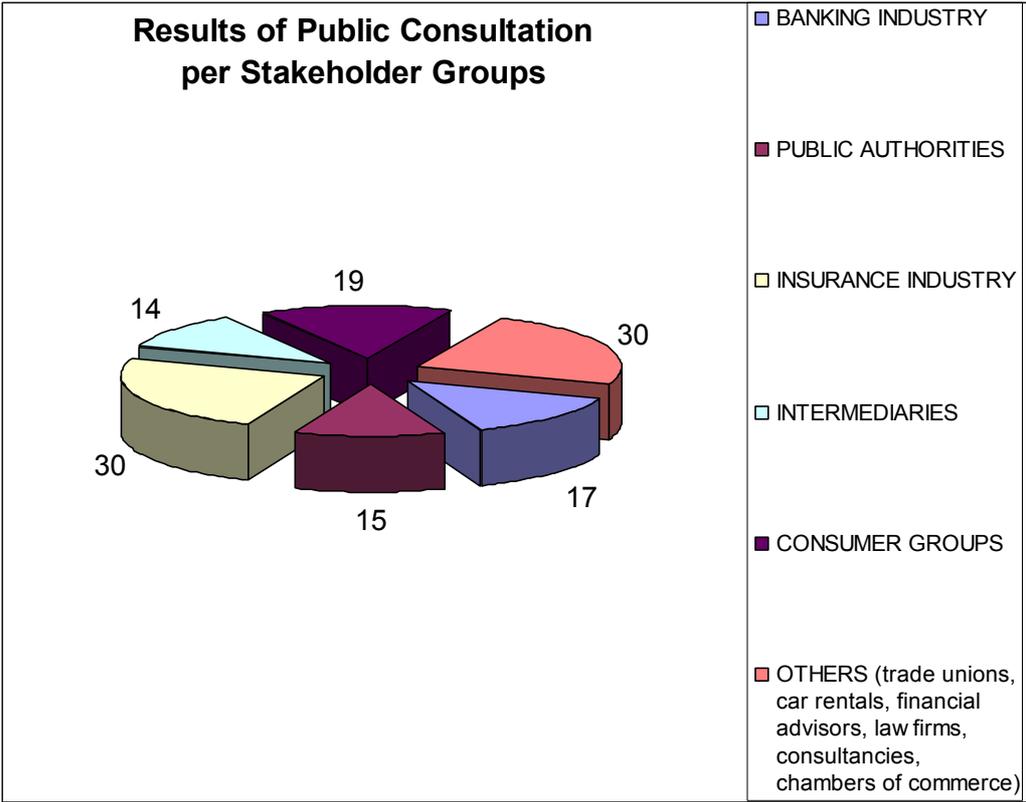
3.1 GENERAL COMMENTS

The respondents welcomed the opportunity to comment on the preferred options for EU action presented in the Consultation Paper. A majority of the respondents were in favour of a revision of the Insurance Mediation Directive (Directive 2002/92/EC of the European Parliament and of the Council). The need to better protect policyholders and beneficiaries within the European Union was largely recognised by some respondents.

3.2 STATISTICS

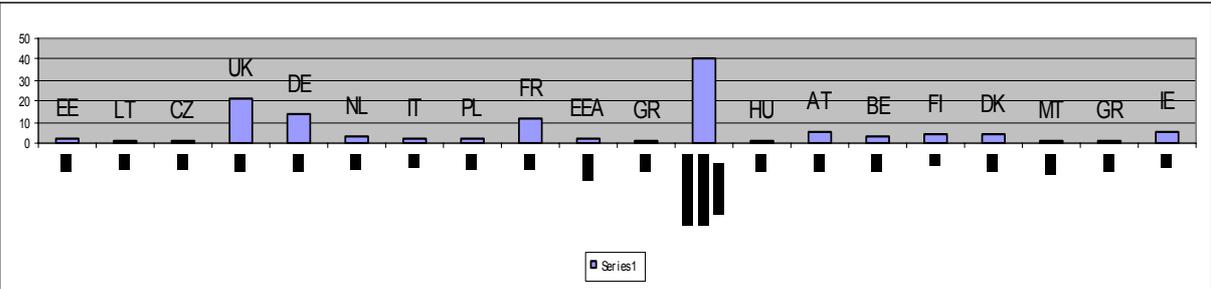
The European Commission received 125 responses to the public consultation. Respondents can be classified in 6 categories: *banking industry, public authorities, insurance industry, and intermediaries, consumer groups, others* (e.g. trade unions, car rentals, financial advisors, law firms, consultancies, chambers of commerce, private individuals). The chart below shows the number of responses received from each category¹.

¹ A link to the web-site where the responses are published will be inserted in due course



Contributions were received from stakeholders in 18 EU Member States and in 2 EEA countries². The nationality distribution is set out in the following chart.

The category "European interests groups" encompasses organisations representing users, financial sector workers, industry and other stakeholders.



² EIOPA (the European Insurance and Occupational Pensions Authority) has provided the European Commission with advice in November 2010. The text of the request for advice could be found on: http://ec.europa.eu/internal_market/insurance/docs/mediation/advice-ceiops-imd2_en.pdf

3.3 RESPONSES TO THE QUESTIONS OF THE CONSULTATION

QUESTIONS SERIES A:

A high and consistent level of policy holder protection embodied in EU law

There is a general consensus that the level of policy holder protection embodied in EU law on insurance intermediaries needs to be raised. This conclusion is shared by consumer organisations, as well as by public authorities and financial advisors.

The insurance industry and the insurance intermediaries underline that consumer protection has to be consistent all over the EU.

In order to harmonise the information requirements for insurance intermediaries it has been suggested by a number of stakeholders to introduce a European Standard for status information („business card solution“)³.

QUESTIONS SERIES B:

Effective management of conflicts of interests and transparency

A large majority of the respondents share the view that there is a need for a new requirement to be introduced which obliges the insurance intermediaries to indicate if they own a percentage of the capital of the insurance company which they represent, and whether they are entitled to any other incentives or bonuses provided by that company.

Most of the respondents show a preference for more transparency of the administrative costs. They consider that the existing legislation is insufficient and that there is a need for more information disclosure at the pre-contractual stage.

There is however a view that lowering commission due to disclosure of remuneration could result in lower quality of advice, could encourage mis-buying, could provoke diversion from the issues of coverage, conditions and price and a shift to cheaper internet non-advised sales.

The majority of the views consider that a definition of "advice", inspired by MIFID should be introduced in the revised Directive.

QUESTIONS SERIES C:

Introducing clearer provisions on the scope of the IMD

A majority of the respondents agree with the Commission proposal to extend the scope of the Insurance Mediation Directive. It should cover all market players which have insurance mediation as part of their activities – direct writers, banking and insurance companies, car rentals, etc.

³ European standard status declaration and handout explanatory information sheet about types of intermediaries. This is driven by the need for brokers/intermediaries to identify their status, which is if they are mainly co-operating with one or few insurance companies or if they offer the whole range of products.

Some respondents specify that the extension of the scope should not impose excessive administrative burden on market players which have a different core activity. Therefore they say that the requirements should be proportionate to the consumer exposure and the risk entailed.

QUESTIONS SERIES D:

Increased efficiency in cross-border business

Most of the respondents did not answer to these questions. The ones which responded were unanimously of the opinion that there is a need for a definition of the freedom of establishment and freedom to provide services in the revised directive in order to render the cross-border process more effective.

Some respondents suggested that a central clearing system through which notifications could be submitted would be useful. The same central clearing system could also be used to store all Member States' "general good" rules which would make it easier for firms passporting in to other countries to understand any additional regulatory requirements.

QUESTION SERIES E:

Achieve a higher level of professional requirements

The views on this series of questions are split in two mainstreams. The first one considers that there is no need for introducing any new regulations concerning professional requirements for insurance intermediaries. The second one promotes raising the level of those requirements and harmonisation across the EU in order to achieve better consumer protection. Some of the respondents who support the second mainstream suggest that the raising of the level of professional requirements should be proportionate to the complexity of the products sold by the insurance intermediary. Some respondents believe that professional requirements should be outcome-oriented.

MISCELLANEOUS:

Distribution of insurance PRIPs (investments packaged as life insurance policies)

A majority of the respondents agree with the Commission proposal to add in the revised directive a chapter on the selling practices of PRIPs insurance products. The general line is that this chapter has to take into account the specificities of the insurance business. At the same time, a majority of the respondents support the Commission position that the selling practices rules for insurance PRIPs have to be aligned with the MIFID rules, in order to ensure an equal level of consumer protection.
