



**To the Members of the  
European Federation of Building Societies**

Brussels, 16 May 2012

**Draft Report by the European Commission on the reform of the Directive on Insurance  
Mediation (2002/92/EG)**

Dear Member,

With a circular letter on 1 December 2011 we informed you about the consultation of the European Commission concerning insurance mediation. We now forward you the internal, not yet published, draft directive of the European Commission on the reform of the Insurance Mediation Directive (2002/92/EG).

The European Commission plans to publish this proposal for a directive together with a proposal for a regulation on packaged retail investment products (PRIIPS) at the end of May.

The draft directive reforming the Insurance Mediation Directive has no direct influence on the Bausparkassen as the scope in article 1 paragraph 1 covers only the mediation of insurance and reinsurance. The explanations concerning product bundling, qualification of intermediaries and disclosure of provisions may yet serve as an example for other areas.

The special provision in article 2 paragraph 3 is new so that the provision of information to a customer is not seen as an insurance mediation, if the provider does not assist in concluding or performing an insurance contract. The register for insurance mediation in article 3 paragraph 2 shall now be accessible online and visible for insurance companies and insurance intermediaries. The website of the regulatory authority for insurances (EIOPA) shall establish a register containing records of intermediaries which have notified their intention to carry on cross-border business (article 3 paragraph 3).

The settlements in article 4 are interesting for „Bauspar“-intermediaries selling insurances as an ancillary service. Article 4 regulates that intermediaries selling insurances only as an ancillary service do not have to comply with the registration requirements in article 3 unless it concerns life insurances or liability insurances according to article 4 paragraph 1 c).

**Qualification requirements for intermediaries and for staff of insurances**

Article 8 prescribes that intermediaries and staff of insurance companies shall have the necessary knowledge and qualifications. The extent of the qualifications shall though still be regulated by the Member States. It is new, that Member States according to article 8 paragraph 1 subparagraph 2 shall ensure that intermediaries and staff of insurance companies update their knowledge frequently. Member States shall accept the qualifications of intermediaries in another Member State, article 9.

In article 8 paragraph 3 the amount of the mandatory professional indemnity insurance or of the comparable guarantee against liability is lifted from 1 Mio. up to 1,12 Mio.

It is as well new that every Member State shall establish, monitor and publish general rules of conduct for insurance mediation.

**Information Requirements**

The information requirements for intermediaries in article 17 were essentially revised. Correspondingly to the prevailing discussion about the Directive on Credit Agreements Relating to

Residential Property in the European Parliament and in the Council the insurance intermediary shall inform the consumer whether or not advice is given (article 17 paragraph 1 a) ii)). Beyond that the insurance intermediary shall provide the consumer with the following informations according to article 18 paragraph 1 d), e) and f):

- the nature of the remuneration received in relation to the insurance contract,
- whether in relation to the insurance contracts he receives a fee paid directly by the customer,
- whether he receives a commission by the insurance company included in the insurance premium or
- whether he receives a combination of both options.

If the precise amount is not capable of being given, the intermediary shall disclose the basis of calculation of the commission (article 18 paragraph 1 f)).

The precise amount in article 18 paragraph 2 a) and b) shall be indicated in case of intermediation of life insurance products and if requested by the customer. After a transition period of three years after legal validity of this directive this obligation shall be valid for other insurance products as well. The insurance undertaking shall also inform the customer about the nature and the amount of the precise remuneration received by any employee of theirs for distributing the insurance product.

#### **Product bundling and product tying**

Article 22 – named “cross-selling” – makes product bundling with insurance contracts possible, but the intermediary or the insurance undertaking shall provide the customer with information on the costs and the conditions of each component of the package that are available separately.

#### **Special provisions for the selling of insurances in relation to investment products**

The proposal suggests new regulations for the intermediation of insurances in relation to investment products to avoid conflicts of interest (article 24), concerning the information requirements (article 25) and the choice and recommendation of an appropriate product. Article 25 paragraph 4 regulates that the intermediary or the insurance undertaking shall assess a sufficiently large number of insurance products available on the market if he/it informs the customer about advice provided on an independent basis. In such a case of independent advice the intermediary or the insurance undertaking shall not receive fees provided by any third party (article 25 paragraph 4 b)).

Enclosed you will find the internal draft text by the European Commission.

For any further request, please do not hesitate to contact us.

Yours sincerely,



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**Annex:** Draft proposal for a Directive by the European Commission on Insurance Intermediaries and the Sale of Insurance Products