



IMD 2: Mixed feelings about ECON report

On 22 January the European Parliament's Economic and Monetary Affairs (ECON) Committee adopted its report on the revised Insurance Mediation Directive (IMD 2). The ECON vote has led to both positive and concerning outcomes.

Insurance Europe supports the provision of better and meaningful information that helps consumers make informed decisions when purchasing insurance. The ECON report calls for the disclosure of additional information about whether insurers' employees receive any variable remuneration and about "relevant quantitative elements" of such variable remuneration. This would, unfortunately, place an additional administrative burden and cost on the industry as well as distracting insurance buyers from more relevant information, such as the coverage and exclusions of their policies.

On the positive side, Insurance Europe welcomes the fact that the ECON Committee has echoed the recent trilogue agreement to amend the original Insurance Mediation Directive (IMD 1) through the revised Markets in Financial Instruments Directive (MiFID 2). This allows each member state to decide whether to prohibit or further restrict the offer or acceptance of fees, commissions or non-monetary benefits from third parties in relation to the sale of insurance investment products. The vote acknowledges that no system of remuneration should be preferred to another and thus preserves the diversity of insurance distribution channels across Europe, which reflects different consumer cultures, needs and preferences.

A concerning element is that the report, if supported by the co-legislators, would effectively introduce a ban on tying together different products, since it requires the components of a package to be offered for sale separately. The ban would apply to all insurance products, including insurance investment products. This would create an unlevel regulatory playing field, as insurance products would then be treated differently from other investment products regulated under the revised Markets in Financial Instruments Directive (MiFID 2). For these products the EU legislators agreed to introduce the more appropriate obligation to inform consumers whether they can buy the components separately.

The plenary session of the European Parliament is scheduled to vote on the report on 25 February. The final text of the revised Directive has to be agreed by the European Commission, Council and Parliament.

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