

IMD 2 must benefit policyholders and be workable for insurers

The final revised text of the Insurance Mediation Directive (IMD 2) should result in a solution that both benefits policyholders and is not unnecessarily burdensome for the insurance industry, according to Insurance Europe, the European insurance and reinsurance federation.

Following the Council of the European Union's adoption of its general approach on IMD 2 last week, the Directive will now likely enter into trialogue discussions between the European institutions towards the end of this month.

William Vidonja, Insurance Europe's head of single market and social affairs commented: "The Council's adoption of its general approach is a major step forward in the development of IMD 2. It is important for the trialogue discussions to result in a solution that is both workable for the industry and that offers protection to policyholders."

Insurance Europe welcomes several aspects of the Council's approach to IMD 2, in particular its stance on insurers' obligations to disclose information regarding remuneration.

Vidonja added: "Insurance Europe fully supports the provision of better and meaningful information to help consumers to make informed decisions when purchasing insurance, and is pleased that the Council has opted for an appropriately balanced approach to remuneration disclosure that achieves this objective without distracting consumers from other relevant information, such as the coverage and exclusions of their policies."

Insurance Europe is also pleased that the Council's approach to cross-selling practices ensures consistency with other EU financial services legislation, requiring insurers who sell insurance together with another product or service to inform policyholders whether they can buy the different products separately.

It is disappointing to see, however, that the Council has failed to ensure a proper alignment of IMD 2 with the Packaged Retail and Insurance-Based Investment Products (PRIIPs) Regulation. This would result in unnecessary duplication of obligations for insurers and policyholders being presented with inconsistent information.

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Notes for editors

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