

Insurance mediation: Council sets out its position

The Permanent Representatives Committee agreed today, on behalf of the Council, its position on a draft directive establishing new improved rules on insurance mediation ([14791/14](#)).

Today's agreement enables negotiations with the European Parliament to start, with the aim of adopting the directive at first reading.

The text recasts and repeals directive 2002/92/EC on insurance mediation with a threefold objective. It seeks to improve retail insurance regulation in a manner that will facilitate market integration, and to establish the conditions necessary for fair competition between distributors of insurance products. It also sets out to strengthen policyholder protection, in particular with regard to life insurance products with an investment element.

Intermediaries play a central role in the distribution of insurance and reinsurance products. Various types of persons and institutions distribute insurance products, such as agents, brokers and insurance undertakings. Application of directive 2002/92/EC has shown a number of provisions to require greater precision.

More specifically, the new directive is aimed at:

- extending the scope of application to all distribution channels, including proportionate requirements for those who sell insurance products on an ancillary basis;
- identifying, managing and mitigating conflicts of interest;
- strengthening administrative sanctions, as well as measures to be applied in the event of a breach of key provisions;
- enhancing the suitability and objectiveness of insurance advice;
- ensuring that sellers' professional qualifications match the complexity of the products they sell;
- clarifying the procedure for cross-border market entry.

In order to ensure consistency between financial sectors, the draft directive takes account of rules established for markets in financial instruments.

The Council's text would not prevent member states from applying more stringent provisions to protect consumers, providing that such provisions are consistent with EU law.

Under the Council's general approach, member states would have two years to transpose the directive into national laws and regulations.

"The agreement reached today allows us to complete legislation in the financial sector with a view to increasing consumer protection, enhancing quality of information to the public and establishing improved business rules for distributors" said Ambassador Stefano Sannino, Chairman of Coreper. "We view it as a tangible result achieved by the Italian presidency in the financial services sector."
