

IMD 2: Mixed outcome of Parliament plenary vote

On 26 February the European Parliament's plenary voted on the proposals to revise the Insurance Mediation Directive (IMD 2). The Parliament report introduces a recital seeking to "ensure alignment" between IMD 2 and the revised Markets in Financial Instruments Directive (MiFID 2). The exact details of what is meant by this alignment are unclear, but the Parliament agreed that this would need to be worked out during trialogue negotiations on IMD 2.

Insurance Europe is pleased that the Parliament report confirms the member state option established in the recent trialogue agreement on the MiFID 2 that 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 Parliament confirms thus that no system of remuneration for those selling insurance should be favoured over another. Insurance Europe has always advocated that the IMD 2 should be flexible enough to accommodate the diversity of insurance distribution channels across Europe, which reflects different consumer cultures, needs and preferences.

However, the Parliament report seeks to introduce a ban on tying together different products, by requiring the components of a package to be offered for sale separately. This approach is inconsistent with MiFID 2, which provides for the more appropriate requirement to inform consumers whether they can buy the components separately. To avoid an unlevel regulatory playing field between insurance and investment products, Insurance Europe calls on the trialogue parties to align the IMD 2 requirements on tying with those in MiFID 2.

Another concerning element is that the Parliament report requests the disclosure of information about whether insurers' employees receive any variable remuneration as well as "relevant quantitative elements" of such variable remuneration. While Insurance Europe fully supports the provision of better and meaningful information to help consumers to make informed decisions when purchasing insurance, it stresses that these disclosures would only distract insurance buyers from more relevant information, such as the coverage and exclusions of their policies.

The final text of the revised Directive has to be agreed in trialogue by the European Commission, Council and Parliament. Those discussions are not expected to take place before the elections for the new European Parliament.

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