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11 November 2010

**CEIOPS Advice to the European Commission on the revision of the
Insurance Mediation Directive (IMD)**

Dear Mr Faull,

It is our pleasure to submit to you our Advice on the revision of Directive 2002/92/EC - the Insurance Mediation Directive (IMD). This fulfils a request made to us by your predecessor, Jörgen Holmquist, on 27 January 2010.

This Advice is the result of in-depth discussions amongst CEIOPS Members and represents our initial views on the revision of the IMD. It is structured along the lines of the seven issues which the Commission asked CEIOPS to consider and contains 39 recommendations.

We note the fact that the Commission originally stated that it would welcome some initial advice from us by summer 2010. Unfortunately, it was not possible for us to do so due to the depth and complexity of the issues that had to be discussed, some of which were also of a very challenging nature. Below we have provided some further background to the process for producing our Advice.

We look forward to continue assisting the Commission in this important policy area in the future under the aegis of the European Insurance and Occupational Pensions Authority (EIOPA).

Yours sincerely,

Gabriel Bernardino, Chair of
CEIOPS



Copy to:

Elemer Tertak, European Commission, DG MARKT, Director, Directorate H
Karel Van Hulle, European Commission, DG MARKT, Head of Unit H2 (Insurance and Pensions)
Ulf Linder, European Commission, DG MARKT, Deputy Head of Unit H2
Paulina Dejmek, European Commission, Cabinet of Commissioner Barnier

Background to the production of our Advice on the revision of the IMD

1. CEIOPS Members approved a structure for responding to the Commission's Request for Advice at its Members Meeting of 27 January 2010. This structure was a specialized IMD Revision Task Force set up under the auspices of CEIOPS' Committee on Consumer Protection (CCP). The objective of the Task Force was to draft advice which would be submitted to Members for approval and then onward transmission to the Commission.
2. The CCP first met on 9 February 2010 to discuss the substance and process for responding to the Commission's Request for Advice. 21 out of 30 CCP Members agreed to take part in the work of the Task Force. It was agreed that the TF would be split into three separate "Drafting Teams" (DTs), to be chaired by three separate CCP Members with participants in those Drafting Teams working as "Chief Draftspersons" and "Assistant Draftspersons". The three Drafting Teams agreed were:
 - Drafting Team (DT) 1 ("Form of the Directive") (chaired by FR) – considering what legal framework and scope the Directive should have and what professional requirements should apply to insurance intermediaries;
 - Drafting Team (DT) 2 ("Consumer Protection") (chaired by DK) – considering what the appropriate provisions should be for managing conflicts of interest and ensuring transparency of intermediary remuneration; and
 - Drafting Team (DT) 3 ("Miscellaneous") (chaired by UK) – considering the current notification system, the general good and reduction of administrative burdens.
3. The work of DT2 was divided into the following four main issues:
 - (i) Transparency of remuneration;
 - (ii) Conflicts of interests;
 - (iii) Information provided by the insurance intermediary (Article 12(4)); and
 - (iv) Possible improvement of Articles 12 and 13.
4. Whilst the first two subjects were included in the scope of DT2 remit as a result of the request for advice from the Commission, the third and the fourth subjects concerning Article 12(4) and the possible improvement of Articles 12 and 13 were included in the advice, following an oral request put forward by the Commission.
5. A number of meetings of the Drafting Teams were held and updates were provided to CCP Members at the end of April 2010, in mid-June 2010 and at the end of September 2010. CEIOPS Members were also updated on the progress of the Task Force at the Members Meetings on 29-30 March 2010 and 1-2 July 2010. The CCP also sought informal stakeholder input into this Advice from BIPAR (the European Association of Insurance Intermediaries), CEA (the European Insurers' Association) and consumer input from consumer representatives on CEIOPS' Consultative Panel.
6. The advice was formally approved by CEIOPS Members on 10 November 2010.