

Remuneration disclosure - the way forward*

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IRSG Meeting

Frankfurt, 1 October 2014

* This presentation expresses the views of the author and not necessarily the views of the IRSG.

Remuneration disclosure

- ▶ Feeding info to the client regarding the nature, source, amount, percentage of an intermediary revenue.
- ▶ Mandatory or upon request?



Remuneration disclosure

- ▶ Romanian regulator has started a public consultation on a piece of legislation with impact on consumers
- ▶ This project, among other measures will most likely:
 - ✓ Make disclosure of commissions (amount & percentage) on all MTPL policies mandatory
 - ✓ Put a 10% cap on all MTPL policies' commissions
 - ✓ Impose new solvency regulations on MTPL insurers



Remuneration disclosure

“IMD2 should allow Member States to maintain or adopt additional rules on conflict of interest and remuneration where it is appropriate to their markets.”



Remuneration disclosure

- ▶ There are no official studies on disclosure impact upon customers:
 - ✓ Too much information?
 - ✓ Risk of clients focusing more on the commission instead of on the coverage?
 - ✓ Bias vs Level playing field between all distributors
 - ✓ General impact on the market?
- ▶ However, an online poll suggests that 75% of respondents are **against remuneration disclosure** in this form
(1asig.ro, 22.08.2014, 382 respondents)

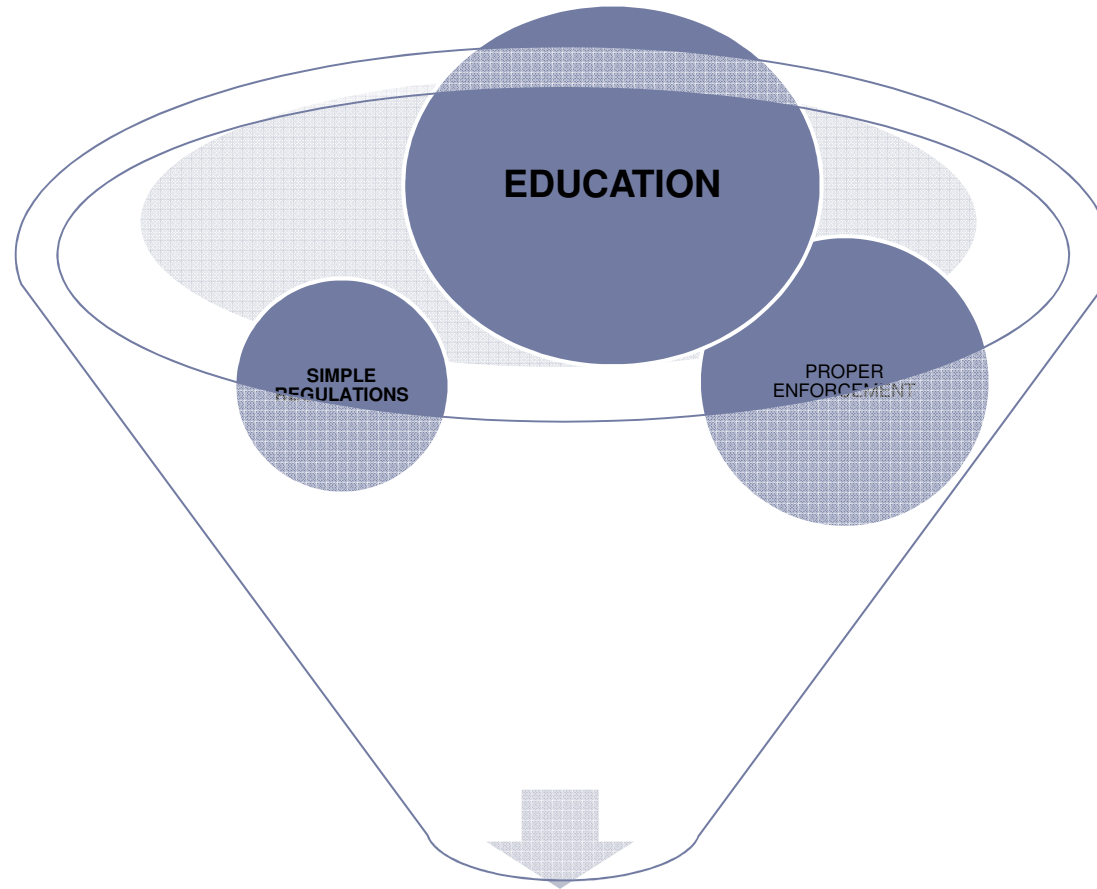


Remuneration disclosure

- ▶ Disclosure is good but when, how and in which form, as can be seen in the 2011 **Study on the impact of the revision of the Insurance Mediation Directive** done by PwC for the EC
- ▶ Impact of remuneration disclosure differ significantly from market to market; customers do not necessarily benefit if not **properly informed and educated about significance**



Remuneration disclosure



CONSUMER PROTECTION



Thank you !

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