

COUNTRY-BY-COUNTRY ANALYSIS (ANNEX IV)

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COUNTRY-BY-COUNTRY ANALYSIS (ANNEX IV)

1. Austria

Figure 1.1: General Market Data (2016)

General data of the national market	Amounts	Share total EEA
Population (in 1000)	8,773	1.70%
Insurance GWP	€ 16,981,491,483.16	1.37%
Number of (re)insurance undertakings	38	1.22%
Number of insurance intermediaries	15,539	1.52%

Source: Eurostat, EIOPA

General remarks

The responsibility for supervision of insurance intermediaries in Austria is divided between the Federal Ministry of Digital and Economic Affairs and their subordinated administrative authorities and the Financial Market Authority (Austrian FMA), the latter being responsible for credit institutions acting as insurance intermediaries and for insurance companies and distribution through their employees.

Under the Ministry of Digital and Economic Affairs there are 106 local Trade authorities that are responsible for the supervision of Trades under the Trade Act 1994, (Federal Law Gazette nr. 194/1994 – Gewerbeordnung) and among these for insurance intermediaries.

Within the trades and professions Registry (GISA), there is a special section for insurance and credit intermediaries.

The main function of Trade Authorities and the FMA are to:

- Check applications, meaning checking in particular that intermediaries have the necessary qualifications; and
- Verify the absence of any previous criminal or bankruptcy record.

Both Trade Authorities and the FMA have full competency to perform onsite and offsite supervision, issue administrative sanctions, which can lead up to the revocation of the permission to perform insurance mediation activities.

In addition, both the Ministry of Digital and Economic Affairs and the FMA can receive complaints and have the prerogative to initiate administrative procedures if there is suspicion of any infringements. Trade Authorities have to perform regular inspections in line with the requirements included in the transposition of IMD/IDD. The supervisory activities of FMA, as competent NCA for the supervision of insurance distribution activities of insurance companies and credit institutions, have to be prospective and risk-based and ensure an appropriate combination of off-site activities and on-site inspections.

In addition, for what concerns conduct of business and complaints the Federal Ministry of Labour, Social Affairs, Health, and Consumer Protection (BMASGK) and the existing “Ombudsmänner” (external complaints bodies) have a relative role to play. To avoid overlaps and ensure coordination, there is close cooperation between all competent institutions that perform several relevant consumer protection activities such as mystery shopping.

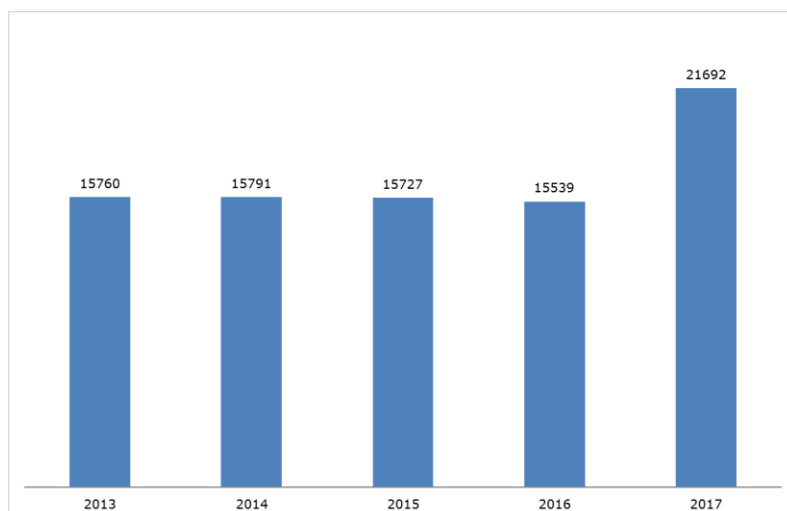
Number of registered insurance intermediaries

The majority of intermediaries are either insurance brokers (37% of the total) or insurance agents (52% of the total). The remaining 11% are intermediaries that have both permission to operate as

¹ [\[Link\]](#).

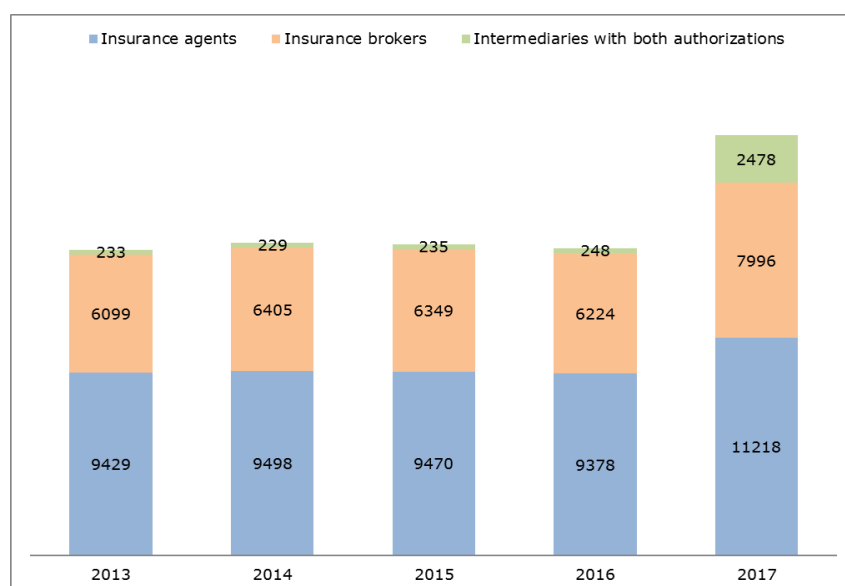
agents and as brokers. In terms of intermediaries' size, at the end of 2017 the majority intermediaries (76%) were registered as legal persons and 24% were registered as natural persons.

Figure 1.2: Number of registered insurance intermediaries



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Figure 1.2: Registered intermediaries split by categories

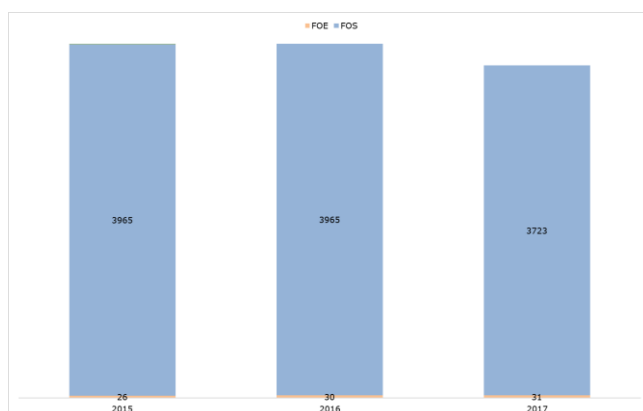


Source: EIOPA Committee on Consumer Protection and Financial Innovation

Cross border business

In comparison with other Member States, the number of Austrian intermediaries that have notified of their intention to carry out cross border business is high. In fact, in 2017 AT was the Member States with the highest number of notifications in absolute terms, despite the percentage of intermediaries having notified of their intention to carry out cross-border business having dropped from 24% to 18%.

Figure 1.3: Domestic insurance intermediaries with a passport to operate in another Member State (2015-2017)



Source: EIOPA Committee on Consumer Protection and Financial Innovation

2. Belgium

Figure 2.1: General Market Data (2016)

General data of the national market	Amounts	Share total EEA
Population (in 1000)	11,366	2.20%
Insurance GWP	€ 29,215,629,377.10	2.36%
Number of (re)insurance undertakings	68	2.18%
Number of insurance intermediaries	12,508	1.23%

Source: Eurostat, EIOPA

The Financial Services and Markets Authority (Belgian NCA) is entrusted with the supervision of insurance intermediaries. All Belgian intermediaries must be registered with the NCA before beginning insurance mediation activities.

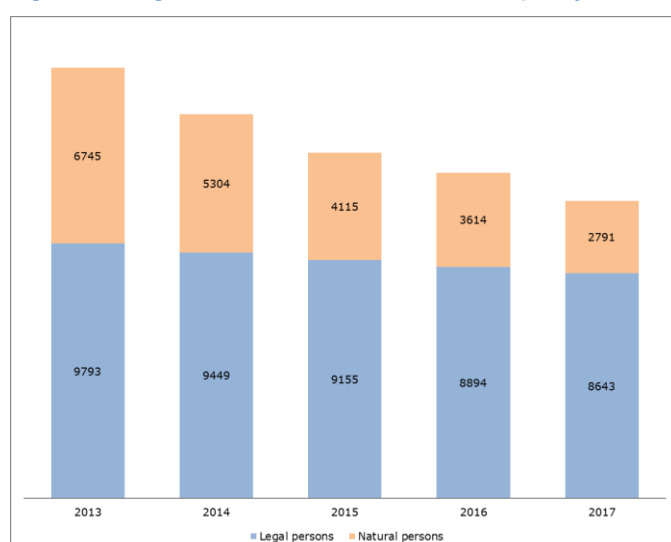
When the NCA receives an application for registration, it verifies that all the conditions are met, should the applicant not meet the conditions, the NCA refuses registration.

An intermediary must at all times, while performing its activities, meet all the conditions for registration, comply with conduct of business requirements and engage in continuing professional training. If the NCA determines that an intermediary no longer meets those conditions, or that it is not in compliance with existing requirements, it has the mandate to take action. These include demanding that the intermediary complies with existing requirements, temporarily forbid the carrying out of some or all of the intermediary's activities and, if necessary, strike the intermediary of the Registry.

The NCA publishes a list of all registered intermediaries on its website. The list comprises three categories of intermediaries: brokers, agents and sub-agents.

Number and categories of registered insurance intermediaries

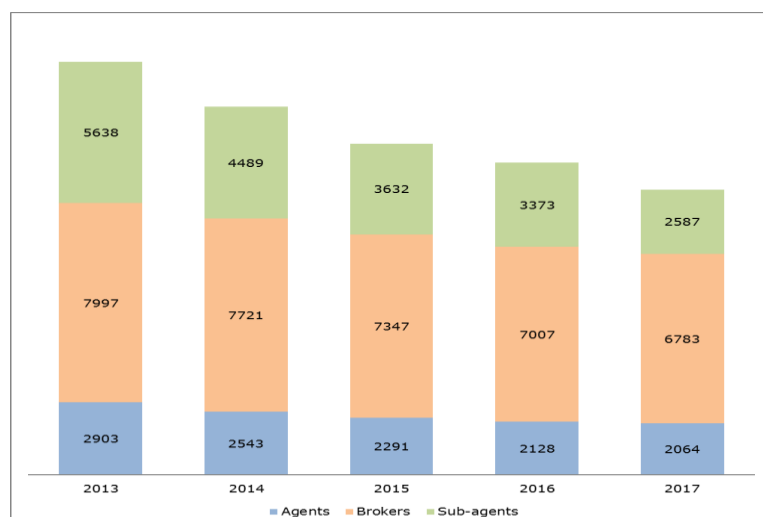
Figure 2.2: Registered insurance intermediaries split by natural and legal persons



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The number of registered intermediaries in BE has been decreasing over the past years. However, the structure, as a split per intermediaries' categories, remains the same as the decrease in the number of registered intermediaries affected to a similar extent all categories (agents, subagents and brokers).

Figure 2.3: Registered intermediaries split by categories

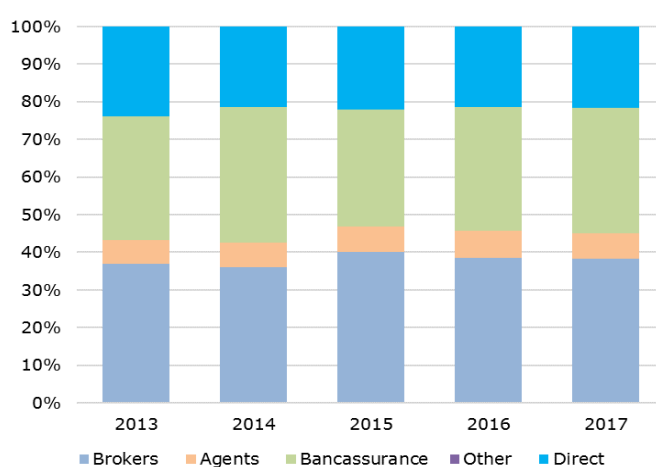


Source: EIOPA Committee on Consumer Protection and Financial Innovation

Distribution channels

The decrease in the number of registered intermediaries does not correspond to the role that intermediaries play in the sale and underwriting process. In fact, there has not been any major change in the role that intermediaries play in distributing non-life and life insurance products as shown in Figures 2.4 and 2.5.

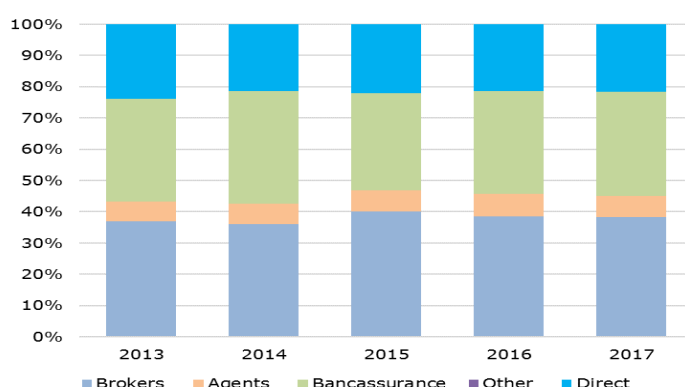
Figure 2.4: Life insurance GWP split by distribution channels



Source: EIOPA Committee on Consumer Protection and Financial Innovation

In terms of life insurance GWP, bancassurance and brokers are the most important distribution channel.

Figure 2.5: Non-Life insurance GWP split by distribution channels

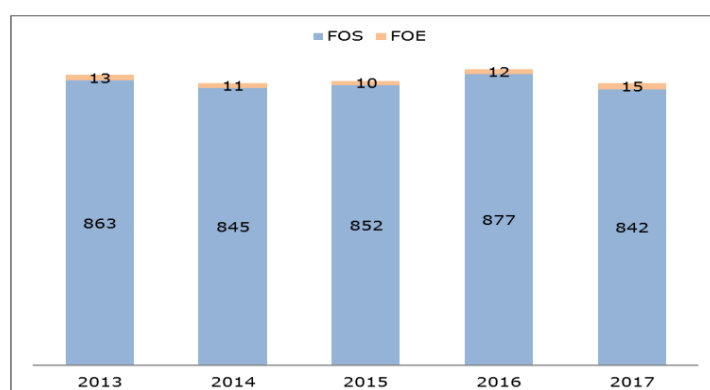


Source: EIOPA Committee on Consumer Protection and Financial Innovation

In terms of non-life products, brokers have a significant role, accounting for the distribution (in terms of GWP) of over 60% of total non-life products.

Cross border business

Figure 2.6: Domestic insurance intermediaries with a passport to operate in another Member State

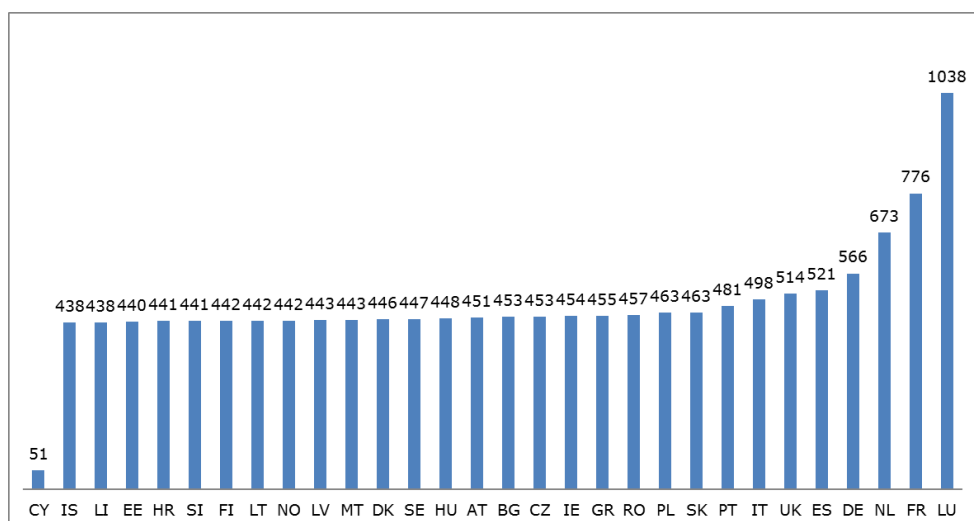


Source: EIOPA Committee on Consumer Protection and Financial Innovation

The number of intermediaries that notified of their intention to carry out business in other Member States has been slightly increasing up to 2016 (Figure 2.6).

In terms of Member States where 'business from Belgian intermediaries' goes towards, notifications mainly concern neighbouring countries: LU, FR, and NL. If these Member States are not taken into consideration, with the exception of CY, then notifications tend to be evenly split across other Member States (Figure 2.7). This is just an indication as intermediaries can submit multiple notifications (for different Member States) of their intention to carry cross-border business.

Figure 2.7: Passport notifications from Belgian insurance intermediaries per Host Member State in 2017



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Remuneration models

- Brokers: Brokers are generally paid with commissions received from insurance undertakings. Brokers can also be paid on a fee-model structure; however, this is not common in BE.
- Agents: Agents are paid with commissions from insurance companies.
- Sub-agents: Sub-agents are paid with commissions from insurance companies, brokers, or agents.

3. Bulgaria

Figure 3.1: General Market Data (2016)

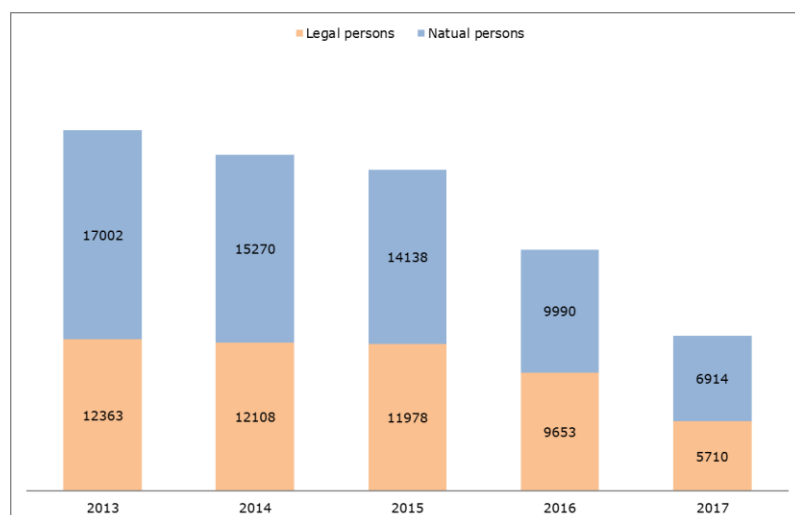
General data of the national market	Amounts	Share total EEA
Population (in 1000)	7,102	1.37%
Insurance GWP	€ 10,09,360,388.88	0.08%
Number of (re)insurance undertakings	43	1.38%
Number of insurance intermediaries	19,643	1.92%

Source: Eurostat, EIOPA

Number and categories of registered insurance intermediaries

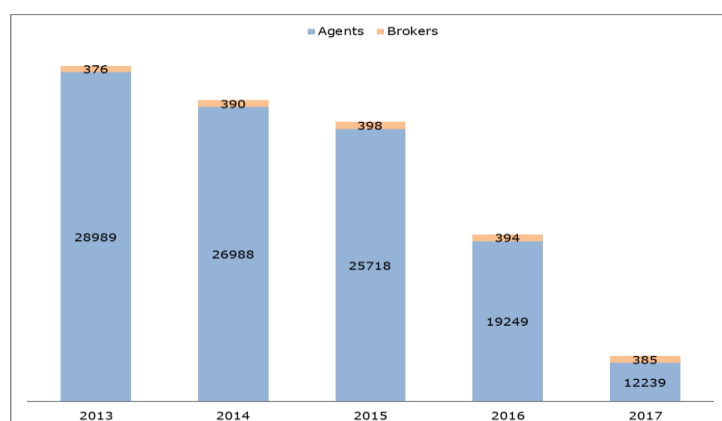
In terms of number of registered intermediaries, they have been significantly decreasing over the years, in particular between 2016 and 2017. The decrease has mainly affected intermediaries registered as natural persons and agents, which, however, remain the prevalent type of intermediaries operating in BG.

Figure 3.2: Registered insurance intermediaries split by natural and legal persons



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Figure 3.3: Registered intermediaries split by categories



Source: EIOPA Committee on Consumer Protection and Financial Innovation

For what concerns other types of intermediaries operating in BG, legislation specifically includes comparison websites in the definition of distribution channels for insurance products (Article 286 (2) of the Insurance Code).

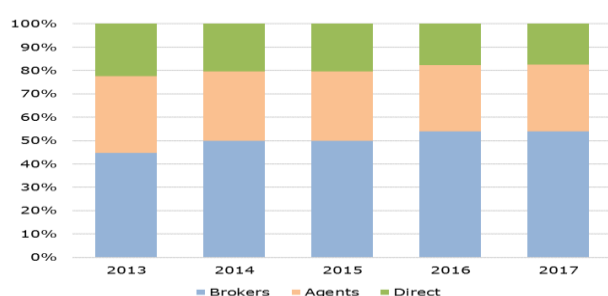
If insurance is sold online there are some minimum requirements which need to be respected (Article 331 of the Insurance Code). These are:

1. The company name and address of the insurer or the intermediary and the legal grounds for its operations in BG need to be displayed in the homepage or another prominent and accessible in the website;
2. All information shall be in Bulgarian language;
3. Information provided to consumers shall meet all requirements under the Insurance Code and the Distance Marketing of Financial Services Act; and
4. The buyer/policyholder should be able to, free of charge, easily find and be informed about the terms of and conditions of the insurance contract.

Distribution channels

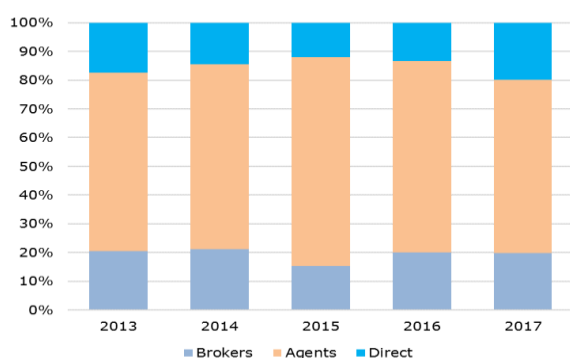
In terms of the role that intermediaries play in placing insurance products on the market, agents remain the main distributor of life insurance products while brokers are the main distributor of non-life products. This information should be interpreted taking into consideration the fact banks selling insurance products operate as agents and premiums written by banks fall within the agent category.

Figure 3.4: Life insurance GWP split by distribution channels



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Figure 3.5: Non-Life insurance GWP split by distribution channels

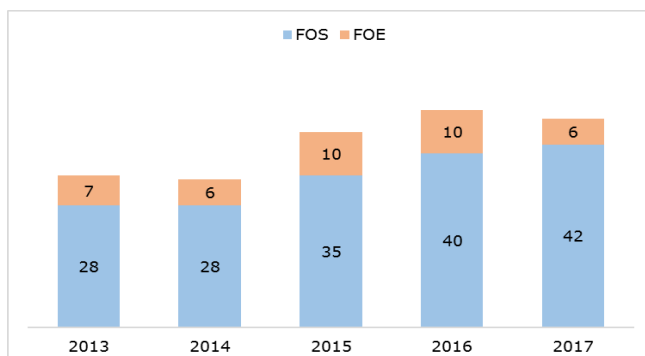


Source: EIOPA Committee on Consumer Protection and Financial Innovation

As it can be seen in figure 3.4 the role of brokers in the distribution of non-life insurance products increased across the reporting period and the role of agents decreased, while direct writing remained stable.

Cross border business

Figure 3.6: Domestic insurance intermediaries with a passport to operate in another Member State

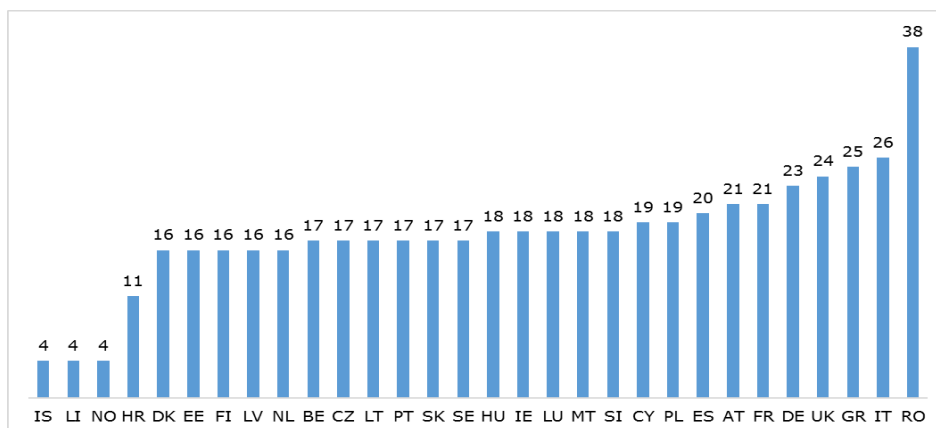


Source: EIOPA Committee on Consumer Protection and Financial Innovation

In terms of notifications to carry out cross border business, FoS notification have increased over the entire reporting period despite remaining rather low in comparison with other countries and in comparison with the rather significant portion of cross-border business performed by Bulgarian undertakings.

For what concerns FoE notifications, the proportion FoE notifications over total number of notifications is rather high in comparison with other Member States, despite this number having dropped in 2017.

Figure 3.7: Passport notifications from Bulgarian insurance intermediaries per Host Member State in 2017



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The most significant number of notifications to carry out cross-border business concern intermediaries passporting in RO; however, a rather significant number of notifications also concerns passporting into larger insurance markets, such as DE, FR, IT, and UK.

Remuneration models

- **Brokers:** Brokers operate on a commission based model. The remuneration of insurance brokers is usually determined as percentage of the written premiums and is paid by insurance undertakings.
- **Agents:** Likewise agents, operate on a commission based model. The remuneration of insurance agents is usually determined as percentage of the written premiums and is paid by insurance undertakings.

4. Croatia

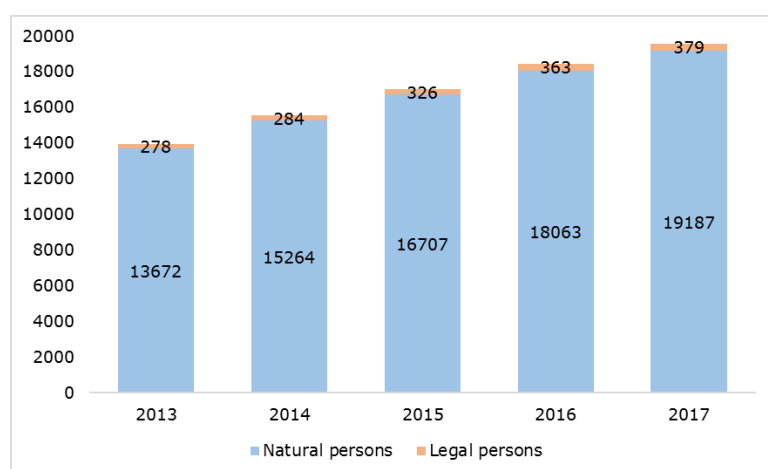
Figure 4.1: General Market Data (2016)

General data of the national market	Amounts	Share total EEA
Population (in 1000)	4,154	0.80%
Insurance GWP	€ 1,148,696,792.52	0.09%
Number of (re)insurance undertakings	22	0.71%
Number of insurance intermediaries	18,426	1.81%

Source: Eurostat, EIOPA

Number and categories of registered insurance intermediaries

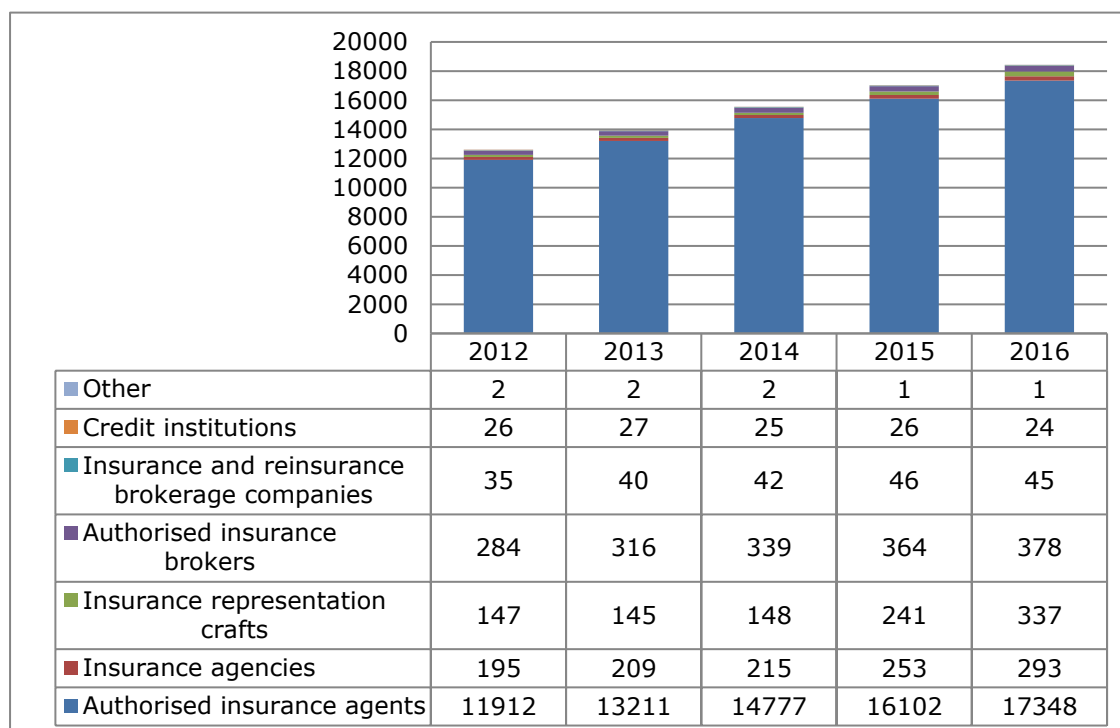
Figure 4.2: Registered insurance intermediaries split by natural and legal persons



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Unlike in other Member States, jointly with the total number of registered intermediaries, the number of natural person intermediaries has also significantly increased in HR over the entire reporting period. This is mostly due to the development of the intermediaries market (Figure 4.2) and the growth of the insurance sector.

Figure 4.3: Registered intermediaries split by categories (2012-2016)



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Amongst registered intermediaries in HR, insurance and reinsurance brokerage companies as well as credit institutions represent a small proportion of the market. Nevertheless, it has to be noted that the number of authorised insurance brokers employed by insurance and reinsurance brokerage companies increased over the entire reporting period (Figure 4.3).

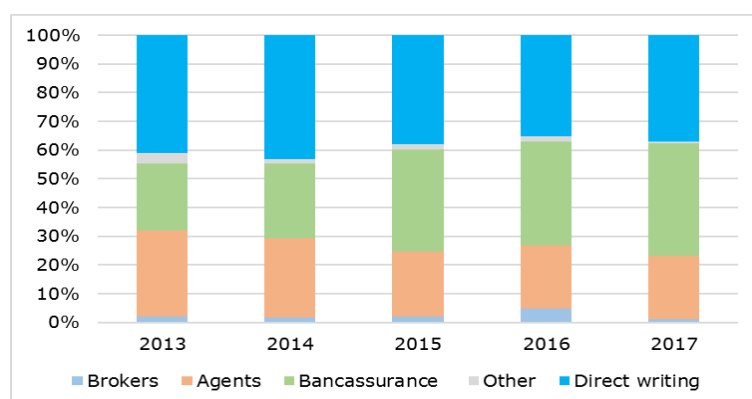
Agents are the most significant intermediary category operating in HR and, unlike trends observed at the EEA level, the number of registered agents in HR has increased over the entire reporting period.

Distribution channels

Notwithstanding the growth in the number of registered insurance intermediaries, the predominant distribution channel in HR remain direct sales. In fact, in particular for the non-life sector, the growth of the insurance market is not fully compensated with an increase in sales via intermediaries (figure 4.5).

In 2017, over 50% of total GWP still concerned direct sales. Brokers represent only a small portion of the market in both life and non-life insurance (Figure 4.4 and 4.5).

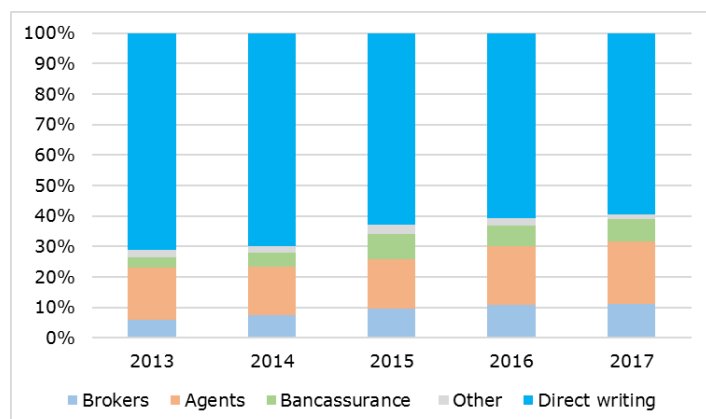
Figure 4.4: Life insurance GWP split by distribution channels



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Over the reporting period, a growth in the role played by bancassurance as a distribution channel for life insurance products can be observed. In fact, while up to 2016 direct sales was the main distribution channel for life insurance products, in 2017 bancassurance became the most important vector for the sale of life insurance products.

Figure 4.5: Non-Life insurance GWP split by distribution channels

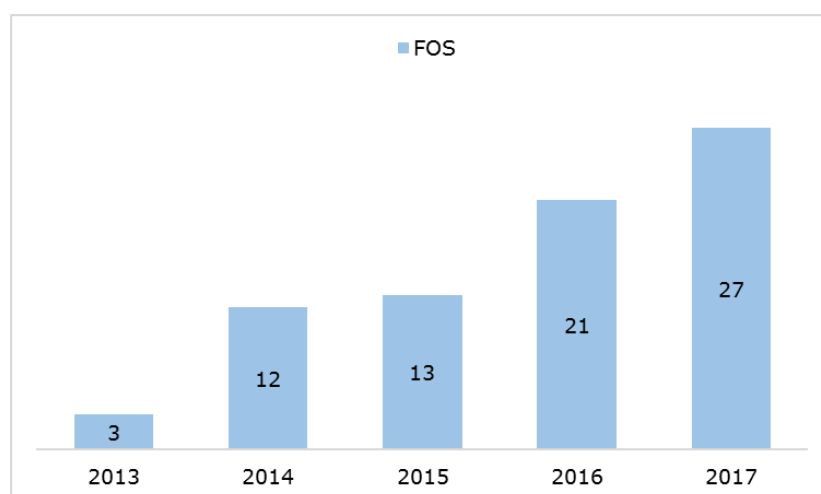


Source: EIOPA Committee on Consumer Protection and Financial Innovation

For what concerns the distribution of non-life insurance policies and in particular, MTPL insurance policies, it is evident that direct writing is the predominant distribution channel, despite agents, bancassurance and brokers having a more and more important role.

Cross border business

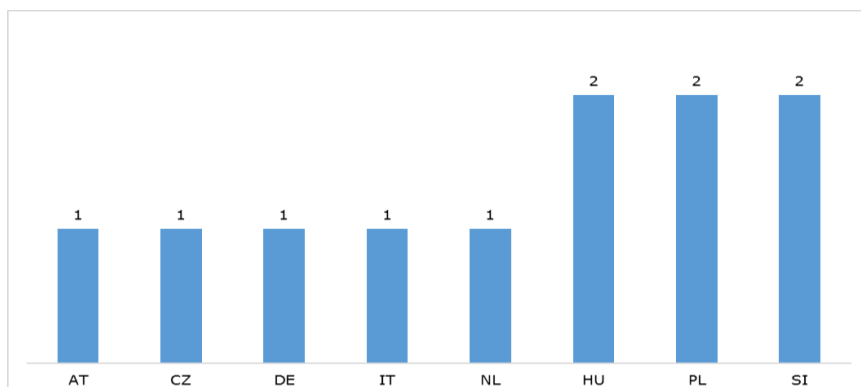
Figure 4.6: Domestic insurance intermediaries with a passport to operate in another Member State



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Although the number of insurance intermediaries operating on a cross-border basis in HR has been increasing (Figure 4.6), it is still low. Over the entire reporting period no FoE notifications have been received by the Croatian NCA.

Figure 4.7: Passport notifications from Croatian insurance intermediaries per Host Member State in 2017



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Given the small number of notifications to carry out cross border business, no specific conclusion can be made for HR.

Remuneration models

- **Commissions:** Commissions in HR is a type of remuneration paid by insurance undertakings to insurance intermediaries (insurance agents or insurance brokers) for the services leading to the conclusion of the insurance contract, and it is paid out of expense loading. In HR, there is only a provision prohibiting agents demanding the payment of commissions from policyholders. Furthermore, commissions can be paid to insurance brokers by policyholders, such payment needs to be agreed in written form with the policyholder and in this instance insurance broker can't demand commissions from insurance undertakings.
- **Fees:** Fees in HR is a type of remuneration paid by the policyholder to the insurance intermediary (insurance broker) for the services provided.

5. Cyprus

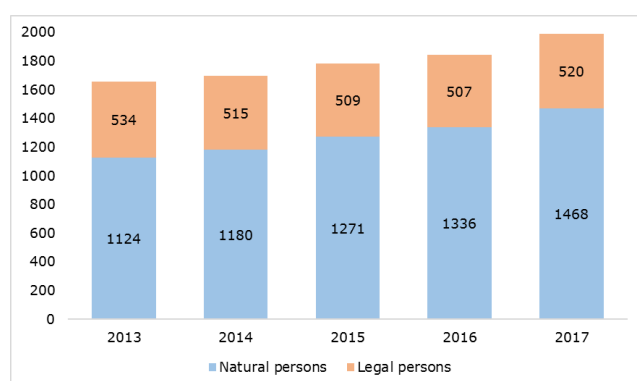
Figure 5.1: General Market Data (2016)

General data of the national market	Amounts	Share total EEA
Population (in 1000)	855	0.17%
Insurance GWP	€ 784,664,796.77	0.06%
Number of (re)insurance undertakings	32	1.03%
Number of insurance intermediaries	1843	0.18%

Source: Eurostat, EIOPA

Number and categories of registered insurance intermediaries

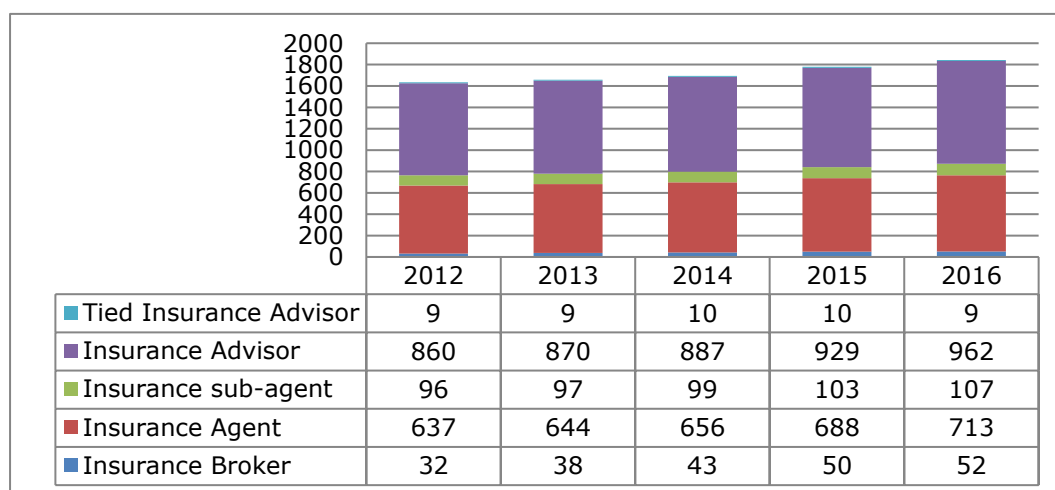
Figure 5.2: Registered insurance intermediaries split by natural and legal persons



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The number of intermediaries registered as natural persons has grown in CY over the entire reporting period. This resulted in the fact that the total number of registered intermediaries grew despite the number of legal person intermediaries having slightly dropped (from 534 in 2013 to 520 in 2017).

Figure 5.3: Registered intermediaries split by categories (2012-2016)



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Most of the insurance intermediaries registered in CY selling life insurance products fall under the 'advisors' category. The second largest category is the 'agents' category. Agents mainly sell non-life insurance products or they sell both life and non-life insurance products (Figure 5.3).

Brokers are registered as legal persons and submit every year to the Supervisory Authority a number of documents including their financial statements.

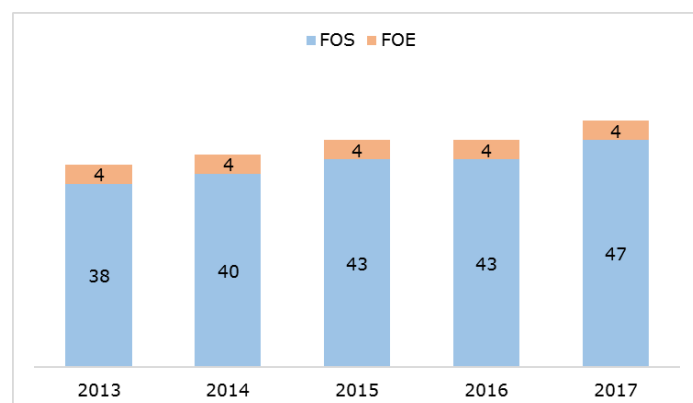
All intermediaries with legal personality must have two Directors responsible for operations.

Remuneration models

- **Brokers, agents, sub-agents, and advisors:** These intermediaries in CY are paid with commissions.
- **Tied/ancillary:** Ancillary intermediaries are paid with commissions. Banassurance may receive non-monetary benefits

Cross border business

Figure 5.4: Domestic insurance intermediaries with a passport to operate in another Member State



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The number of Cypriot insurance intermediaries that notified of their intention to operate in other Member State has not changed significantly over the reporting period (Figure 5.4).

6. Czech Republic

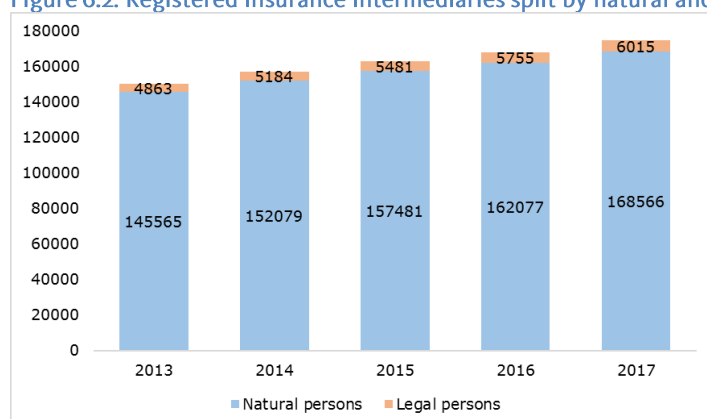
Figure 6.1: General Market Data

General data of the national market	Amounts	Share total EEA
Population (in 1000)	10,579	2.04%
Insurance GWP	€ 5,033,793,503.7	0.4%
Number of (re)insurance undertakings	29	0.87%
Number of insurance intermediaries	167,832	16.44%

Source: Eurostat, EIOPA

Number and categories of registered insurance intermediaries

Figure 6.2: Registered insurance intermediaries split by natural and legal persons

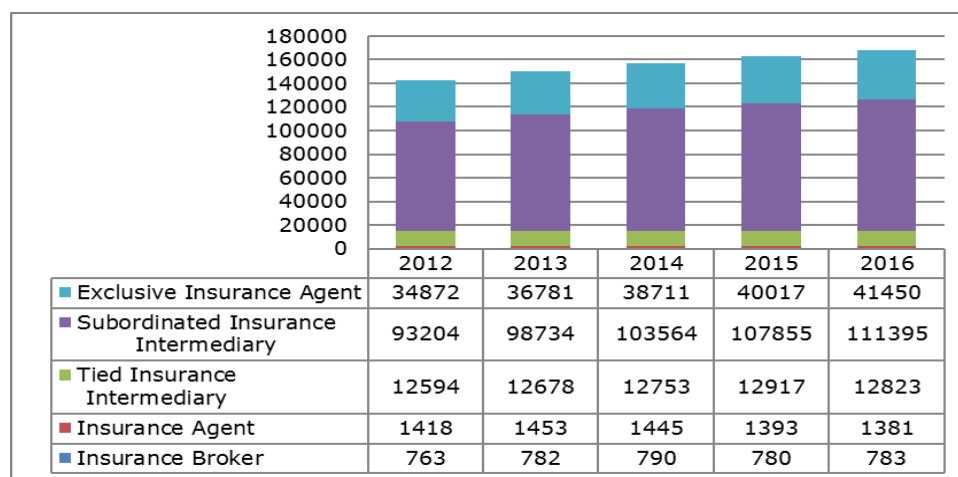


Source: EIOPA Committee on Consumer Protection and Financial Innovation

The number of registered intermediaries in CZ has been growing over the entire reporting period. In particular the number of natural persons' intermediaries experienced significant growth.

Overall, the number of registered intermediaries in CZ is high because, as shown in Figure 6.3, all intermediaries are registered in CZ, including tied-agents, sub-agents, etc., and the typical distribution structure is insurance undertaking -> insurance agent -> sub-agent. Moreover, at present, intermediaries could be registered multiple times in different positions.

Figure 6.3: Registered intermediaries split by categories (2012-2016)



Source: EIOPA Committee on Consumer Protection and Financial Innovation

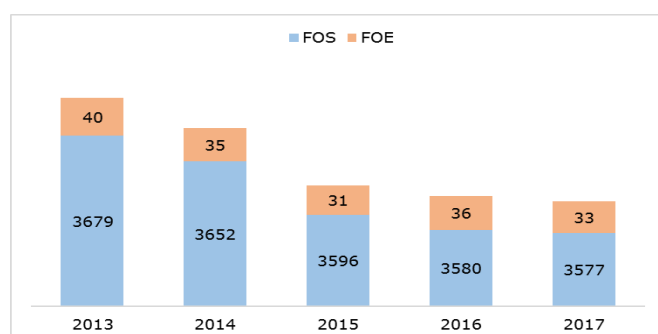
As shown in Figure 6.3, there are 5 categories of insurance intermediaries in CZ (Figure 6.3).

For what concerns new and distribution channels, if activities of price aggregators and comparison website fall within the definition of intermediation activity, as stated in Law 38/2004, they also need to be registered with the Czech NCA. PCWs were launched on the Czech insurance market a few years ago and had an impact on prices as the majority of the Czech consumers are price-oriented.

In 2016, price comparison websites / aggregators which are registered as intermediaries, concluded approximately 325428 insurance contracts, representing approximately 10.4 % of the total number of the insurance contracts. However, as these intermediaries may also do non-online sales, these figures need to be interpreted carefully. In fact, there is no data on whether the reported figures relate only to contracts concluded online.

Cross border business

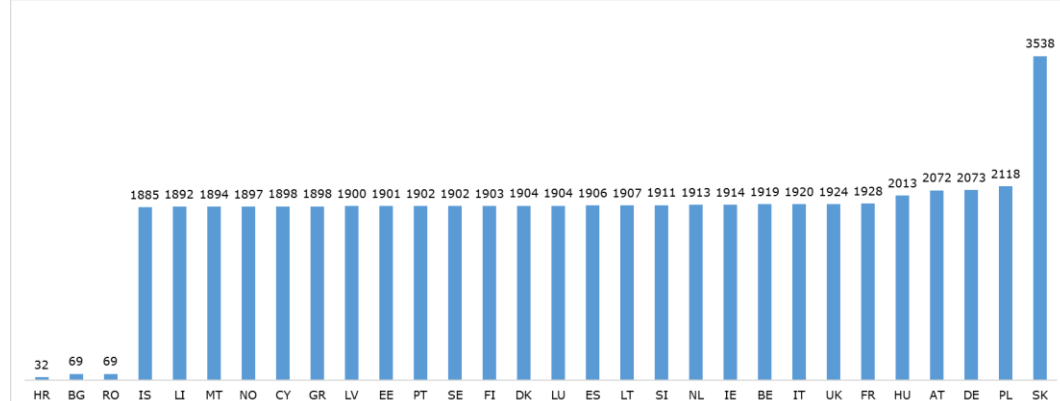
Figure 6.4: Domestic insurance intermediaries with a passport to operate in another Member State



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The number of notifications from Czech insurance intermediaries to operate on a cross-border basis is high (Figure 6.4) despite having decreased over the reporting period. This high number, to very large extent, is due to the high number of notifications received for intermediaries to passport into the Slovakian market (Figure 6.5).

Figure 6.5: Passport notifications from Czech insurance intermediaries per Host Member State in 2017



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Remuneration models

- **Commissions:** This remuneration model is prevailing in CZ.
- **Mixed (fees and commissions):** This model is only used for insurance brokers.

New rules regarding remuneration models and practices and regarding the calculation of the surrendered value paid to policyholder were introduced in December 1, 2016 (Act 295/2015 Coll.)

For life insurance contracts, concluded pursuant to the Civil Code, terminated within 5 years from the date of commencement of the policy, for any reason other than the insured event, an insurance

intermediary is entitled up to the maximum percentage of the agreed remuneration, only for the amount accumulated in the 5 years.

The aim of this measure is reducing practices forcing consumers to terminate existing contracts to conclude new ones.

7. Denmark

Figure 7.1: General Market Data (2016)

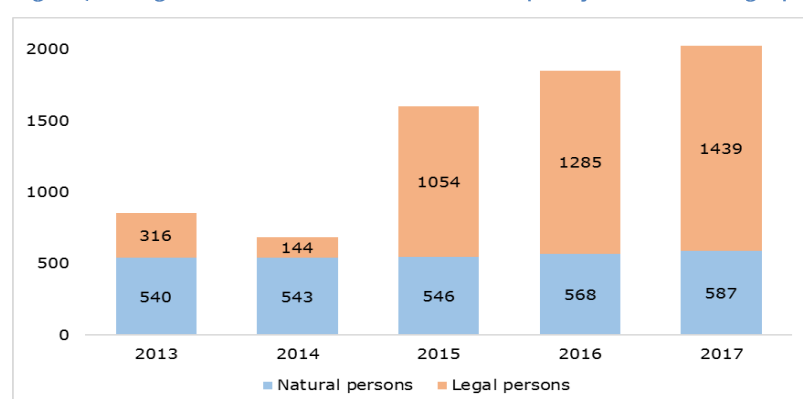
General data of the national market	Amounts	Share total EEA
Population (in 1000)	5,749	1.11%
Insurance GWP	€ 19,372,955,180.42	1.56%
Number of (re)insurance undertakings	89	2.86%
Number of insurance intermediaries	1,853*	0.18%

*Not including the number of agents and subagents registered with the Danish Insurance Association (estimated to 4,000)

Source: Eurostat, EIOPA

Number and categories of registered insurance intermediaries

Figure 7.2: Registered Danish insurance brokers split by natural and legal persons



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The Danish insurance intermediaries markets consist of an estimated 2.000 agents, subagents and bancassurance-agents. Approximately half of them are registered with the Danish NCA and the other half is registered with the Danish Insurance Association.

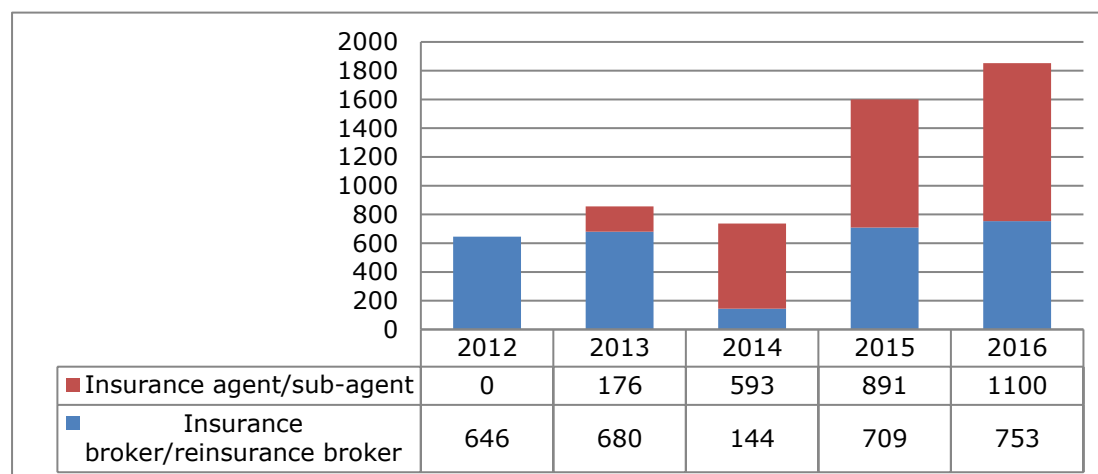
Brokers do not operate in connection with any pre-identified insurance undertaking and are subject to a commission ban. In Denmark 186 companies are registered as brokers.

Agents and subagents that represent insurance undertakings from other countries are also registered with the NCA. In 2016 1.100 agents were registered.

Agents and subagents representing Danish Insurance undertakings are registered with the Danish Insurance Association. It is estimated that 4.000 agents and subagents are registered with the Danish Insurance Association.

One of the reasons for the significant increase in the number of registered intermediaries from 2015 onwards, particularly in relation to legal person intermediaries (Figure 7.2) is because in 2014 one of the Danish banks decided to register a large number of subagents (ancillary insurance intermediaries). These subagents are primarily car dealers distributing motor insurance.

Figure 7.3: Registered intermediaries split by categories (2012-2016)



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Remuneration models

In DK brokers cannot receive commissions from insurance undertakings.

8. Estonia

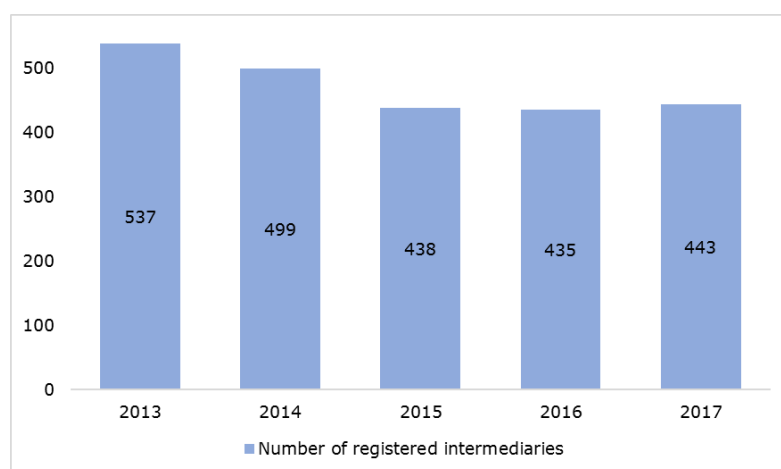
Figure 8.1: General Market Data (2016)

General data of the national market	Amounts	Share total EEA
Population (in 1000)	1,316	0.25%
Insurance GWP	€ 654,378,278.91	0.05%
Number of (re)insurance undertakings	12	0.39%
Number of insurance intermediaries	435	0.04%

Source: Eurostat, EIOPA

Number and categories of registered insurance intermediaries

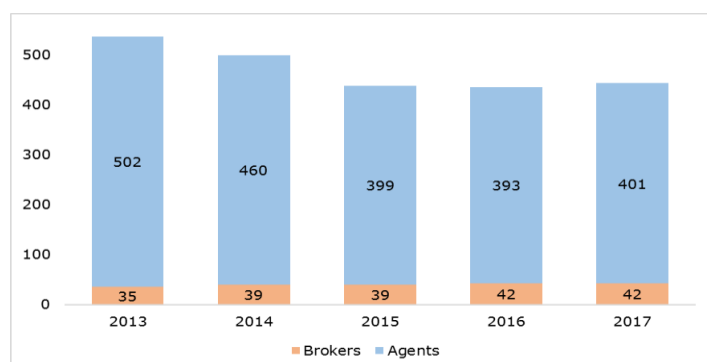
Figure 8.2: Registered insurance intermediaries split by natural and legal persons



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The total number of registered insurance intermediaries in EE has been decreasing (figure 8.2). No data on the split between natural and legal persons was available.

Figure 8.3: Registered intermediaries split by categories

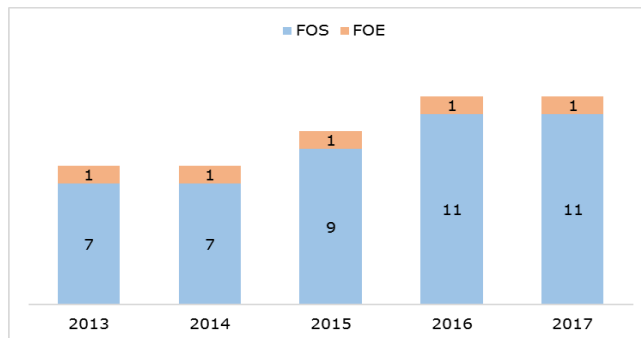


Source: EIOPA Committee on Consumer Protection and Financial Innovation

In terms of split between intermediaries' categories, agents are the predominant category operating in EE.

Cross border business

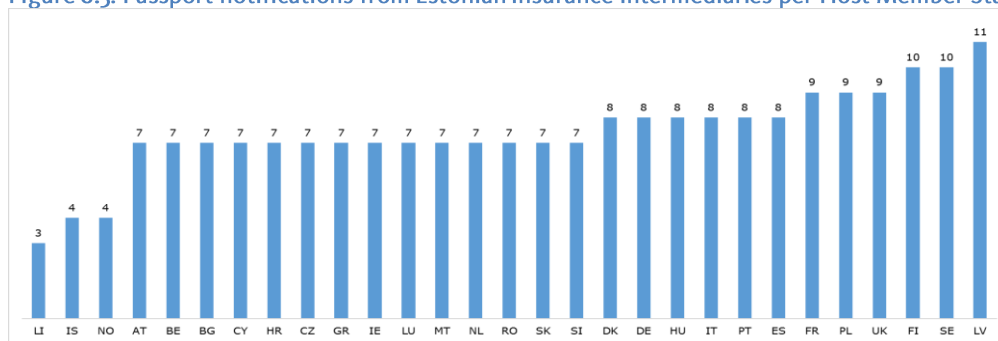
Figure 8.4: Domestic insurance intermediaries with a passport to operate in another Member State



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Only a small number of Estonian insurance intermediaries operate on a cross-border basis (Figures 8.4 and 8.5). Cross-border notifications mainly concern passporting into neighbouring LV, SE, and FI.

Figure 8.5: Passport notifications from Estonian insurance intermediaries per Host Member State in 2017



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Remuneration models

- **Brokerage fee:** This is a type of remuneration paid to brokers based on brokerage contracts.
- **Agency fee:** This is a type of remuneration paid to agents based on agency contracts.

9. Finland

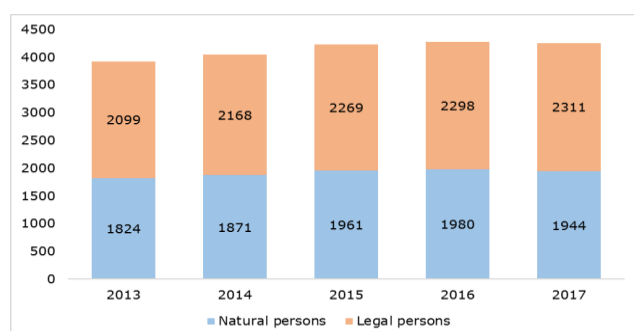
Figure 9.1: General Market Data (2016)

General data of the national market	Amounts	Share total EEA
Population (in 1000)	5,503	1.06%
Insurance GWP	€ 8,899,855,879.29	0.72%
Number of (re)insurance undertakings	47	1.51%
Number of insurance intermediaries	4,278	0.42%

Source: Eurostat, EIOPA

Number and categories of registered insurance intermediaries

Figure 9.2: Registered insurance intermediaries split by natural and legal persons

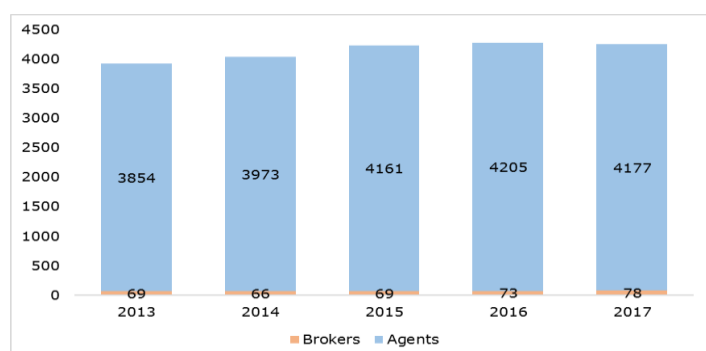


Source: EIOPA Committee on Consumer Protection and Financial Innovation

The total number of registered intermediaries in FI has grown over the years. In particular, legal persons' intermediaries have grown from 2099 in 2013 to 2311 in 2017.

In terms of intermediaries' categories, the Finnish insurance intermediaries market comprises brokers and tied agents (full-time and ancillary). As it can be observed in Figure 9.3, agents represent the vast majority of registered intermediaries in FI. Banks placing insurance products on the market need to be registered as and act as agents of insurance undertakings.

Figure 9.3: Registered intermediaries split by categories



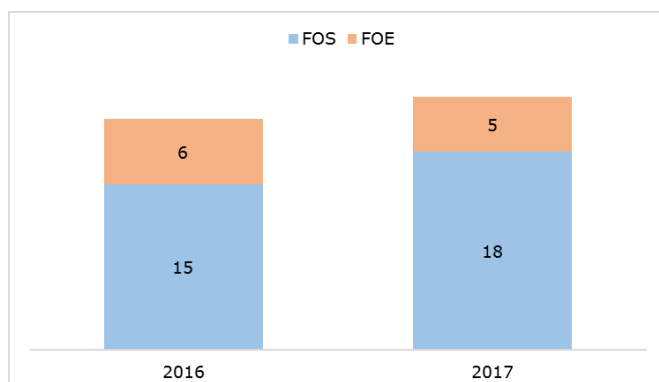
Source: EIOPA Committee on Consumer Protection and Financial Innovation

As brokers need to act solely in customers' best interests, commissions paid to brokers are forbidden. The insurance brokerage market is highly concentrated, with the 10 biggest companies generating more than 90% of the GWP volume generated by brokers.

Brokers mainly tailor large business and SMEs, smaller and microenterprises and retail consumers generally rely on agents for their insurance needs.

Cross border business

Figure 9.4: Domestic insurance intermediaries with a passport to operate in another Member State in (2016-2017)

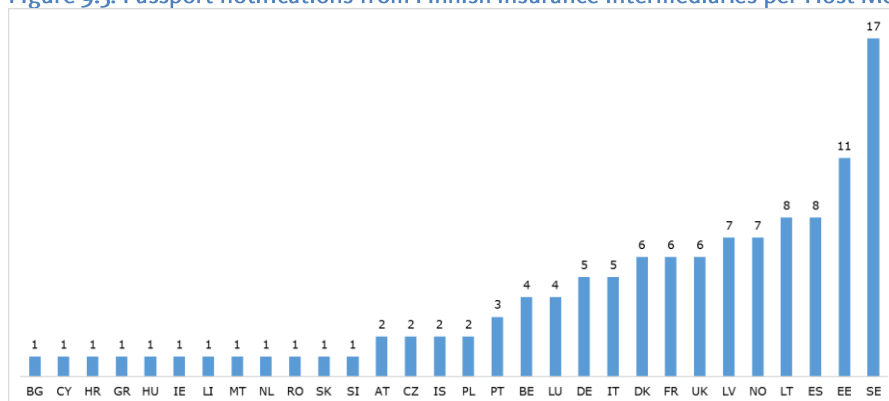


Source: EIOPA Committee on Consumer Protection and Financial Innovation

Information on intermediaries' notifications to operate on a cross-border basis is only available from 2016 onwards. Although the number of FoS notifications slightly increased between 2016 and 2017 it remains low.

On the other hand, albeit in absolute terms FoE notifications are very low, they represent over 20% of the total number of cross-border notifications in FI.

Figure 9.5: Passport notifications from Finnish insurance intermediaries per Host Member State in 2017



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Given the interconnections amongst Baltic and Scandinavian markets the majority of intermediaries' notifications to carry out cross border business concern passporting into EE and SE.

Remuneration models

- **Agents:** Agents receive commissions from insurance undertakings.
- **Brokers:** Consumers pay fees to brokers, which are forbidden from taking any monetary remuneration from insurance undertaking.

10. France

Figure 10.1: General Market Data (2016)

General data of the national market	Amounts	Share total EEA
Population (in 1000)	67,024	12.95%
Insurance GWP	€ 227,431,827,839.64	18.36%
Number of (re)insurance undertakings	460	14.78%
Number of insurance intermediaries	47,586	4.54%

Source: Eurostat, EIOPA

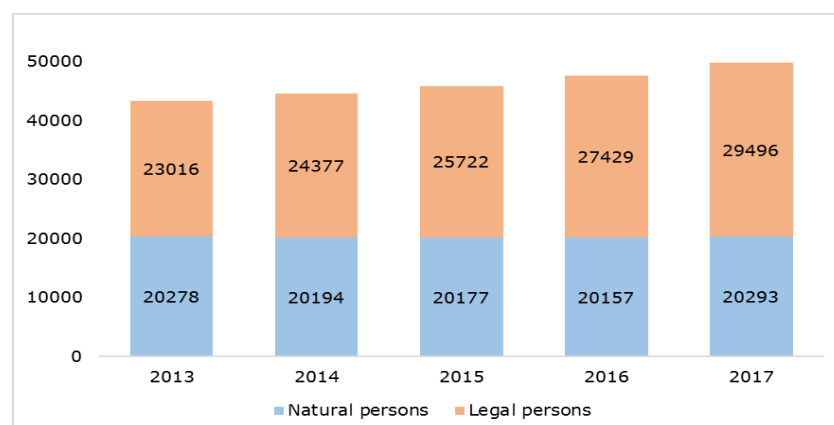
The responsibility to maintain and update the Single Registry of Insurance, Banking and Financial Intermediaries has been given to ORIAS (since 2005). ORIAS is a private organization, incorporated as a non-profit association benefiting from a public service delegation. It is managed by professionals under the Supervision of the French Ministry of Finance.

ORIAS has the responsibility of monitoring that registered intermediaries meet registration conditions and requirements as defined by law. ORIAS is also in charge of FoS and FoE request.

On the other hand, the French NCA (ACPR) is in charge of supervising intermediaries, including for conduct of business related aspects.

Number and categories of registered insurance intermediaries

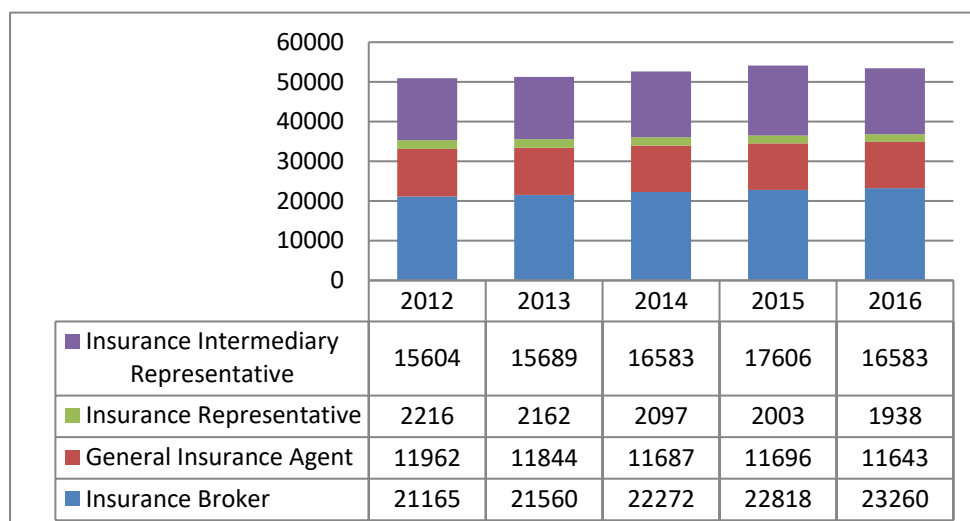
Figure 10.2: Registered insurance intermediaries split by natural and legal persons



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The majority of intermediaries operating in FR are legal persons and fall within the SME definition.

Figure 10.3: Registered intermediaries split by categories (2012-2016)



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Insurance intermediaries in FR can be registered under one of the following four categories:

- Insurance or reinsurance brokers;
- General insurance agents;
- Insurance representatives; and
- Insurance intermediary representatives, acting under the mandate from one of the 3 aforementioned categories.

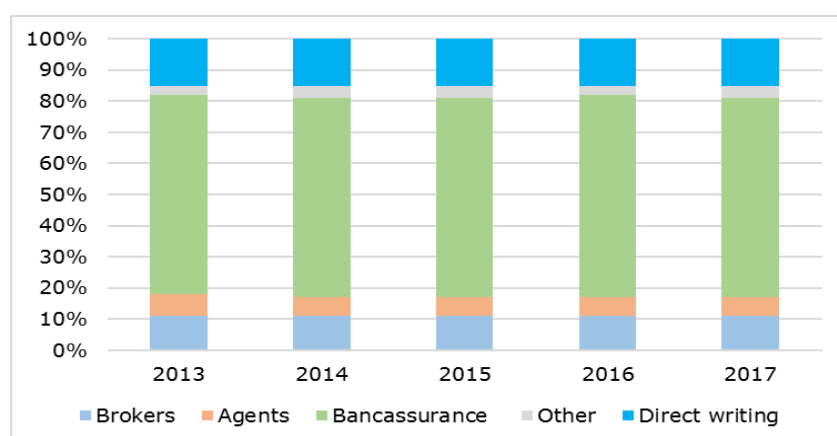
In terms of registrations, there is no specific category for bancassurance, most of credit institutions offering insurance products are registered as brokers.

In terms of the split natural / legal persons and brokers / agents, more than 90% of agents are natural persons, whereas 62% of brokers and 69% of insurance representatives are legal persons.

It is important to note that an intermediary can be registered under multiple categories at the same time.

Distribution channels

Figure 10.4: Life insurance GWP split by distribution channels

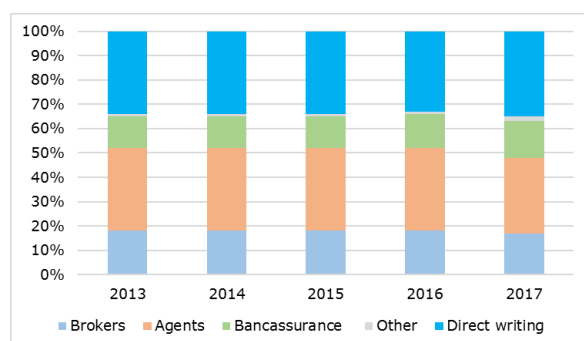


Source: EIOPA Committee on Consumer Protection and Financial Innovation

Figure 10.4 and 10.5 show that over the entire reporting period there has been no major shift in terms of distribution channels,

As shown in Figure 10.4, bancassurance has a predominant role in placing life-insurance products on the market. On the other hand, like in several other Member States, bancassurance does not play a significant role in placing non-life insurance products.

Figure 10.5: Non-Life insurance GWP split by distribution channels



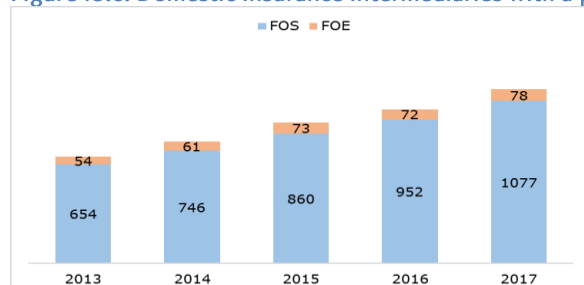
Source: EIOPA Committee on Consumer Protection and Financial Innovation

The distribution of non-life products is more evenly distributed amongst different distribution channels (Agents 34%, Direct business 33%, brokers 18%, Bancassurance 14%).

Even though it cannot be seen from the data collected from the purposes of this report, it is worth mentioning the growing importance of online distribution on the French market.

Cross border business

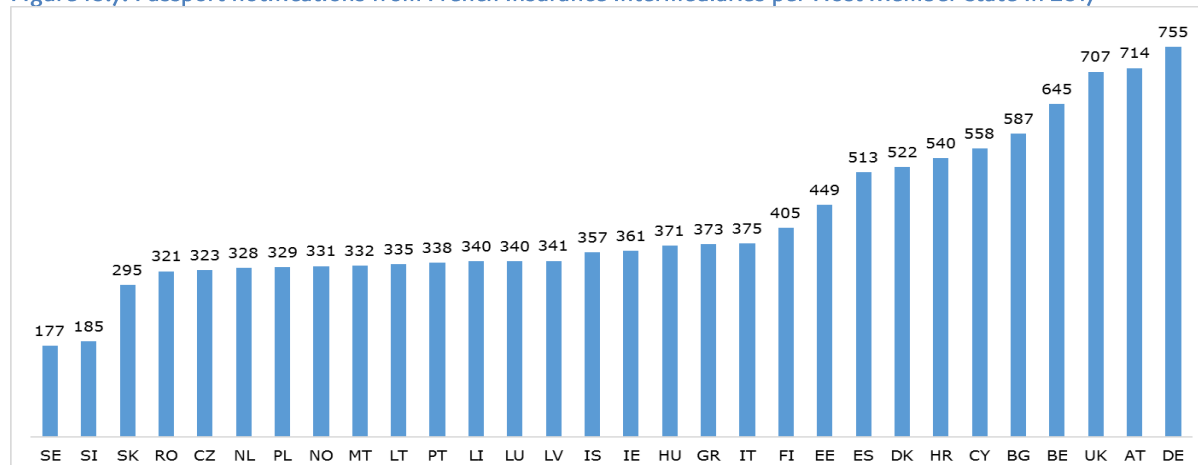
Figure 10.6: Domestic insurance intermediaries with a passport to operate in another Member State



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The proportion of French insurance intermediaries having notified of their intention to operate on a cross-border basis has been increasing over the entire reporting period (Figure 10.6).

Figure 10.7: Passport notifications from French insurance intermediaries per Host Member State in 2017



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The majority of notifications concern passporting in neighbouring DE; however, also a high number of notifications concern passporting in AT and the UK.

11. Germany

Figure 11.1: General Market Data (2016)

General data of the national market	Amounts	Share total EEA
Population (in 1000)	82,800	16.00%
Insurance GWP	€ 209,395,478,775.53	16.91%
Number of (re)insurance undertakings	534	10.89%
Number of insurance intermediaries	228,289	22.37%

Source: Eurostat, EIOPA

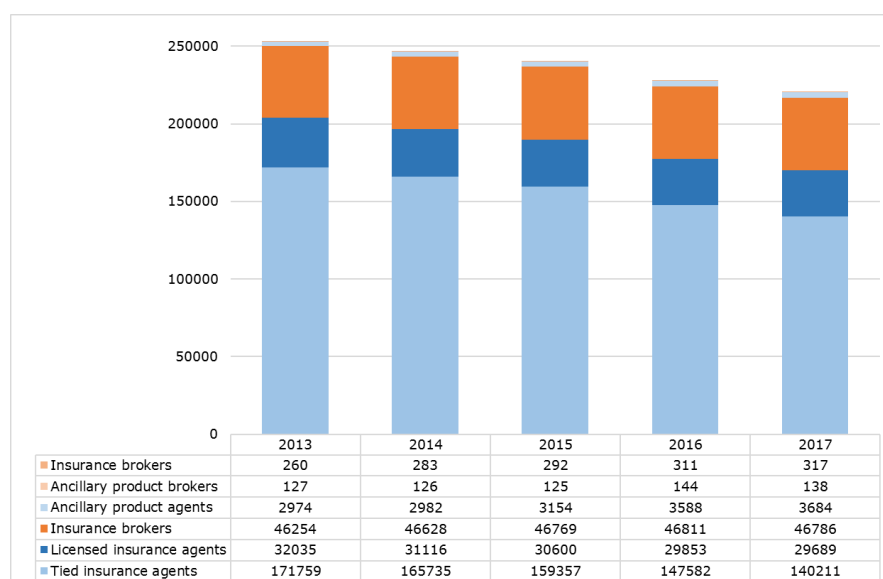
The responsibility for supervision of insurance intermediaries in DE is divided between the German Chambers of Industry and Commerce (Industrie- und Handelskammer – IHK) which registers insurance intermediaries and the Supervisory Financial Services Authority (Germany NCA) which is responsible for tied-agents.

The Insurance Mediation Law (Gesetz zur Neuregelung des Versicherungsvermittlerrechts – VersVermG – transposing Directive 2002/92/EC) laid down the requirements for intermediaries to operate in DE (registration, professional qualification requirements, rules of conduct, professional indemnity insurance, etc.) as well as the parameters for the supervision of intermediaries.

Following the transposition of IDD, the division of competence, for the supervision of intermediaries, between the Chambers of Commerce and the NCA remains.

Number and categories of registered insurance intermediaries

Figure 11.2: Registered intermediaries split by categories



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The Chamber of Commerce publishes data on a regular basis. Intermediaries are divided into the following categories:

- Tied insurance agent (gebundene Versicherungsvertreter);
- Licensed insurance agent (Versicherungsvertreter mit Erlaubnis);
- Insurance broker (Versicherungsmakler);
- Ancillary product agents (produktakzessorische Vertreter);

- Ancillary product broker (produktakzessorische Makler); and
- Insurance advisors (Versicherungsberater).

Despite the decreasing trend, the number of insurance intermediaries in DE remains high because insurance distribution is dominated by the personal relationship between intermediaries and consumers. Historically, the insurance intermediaries market in DE has been large, according to information available it appears that already in the early 1900 there were more than 100,000 insurance intermediaries operating in DE and prior to the entrance into force of IMD there were almost half a million intermediaries.

Increasing regulatory requirements and changing registration requirements and practices are the main reason why the number of registered intermediaries has been decreasing DE; however, it is also to be noted that the intermediaries population in DE has been 'aging', signalling that there are few young intermediaries entering the profession.

The number of PCWs and aggregators has been increasing; however, not as much as other Member States.

Distribution channels

Although no complete data is available on the role which different distribution channels play in selling different insurance products, an increase in the role which direct sales play in placing fire and other damages to property and accident and health insurance has been observed.

Remuneration models

The remuneration of intermediaries is predominantly commission-based.

12. Greece

Figure 12.1: General Market Data (2016)

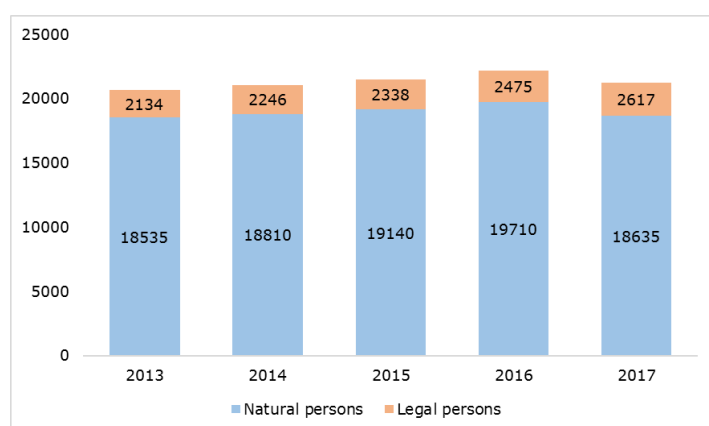
General data of the national market	Amounts	Share total EEA
Population (in 1000)	10,757	2.08%
Insurance GWP	€ 3,497,187,431.22	0.28%
Number of (re)insurance undertakings	40	1.28%
Number of insurance intermediaries	22,185	2.17%

Source: Eurostat, EIOPA

Number and categories of registered insurance intermediaries

The number of registered insurance intermediaries has been rather stable for the past 5 years.

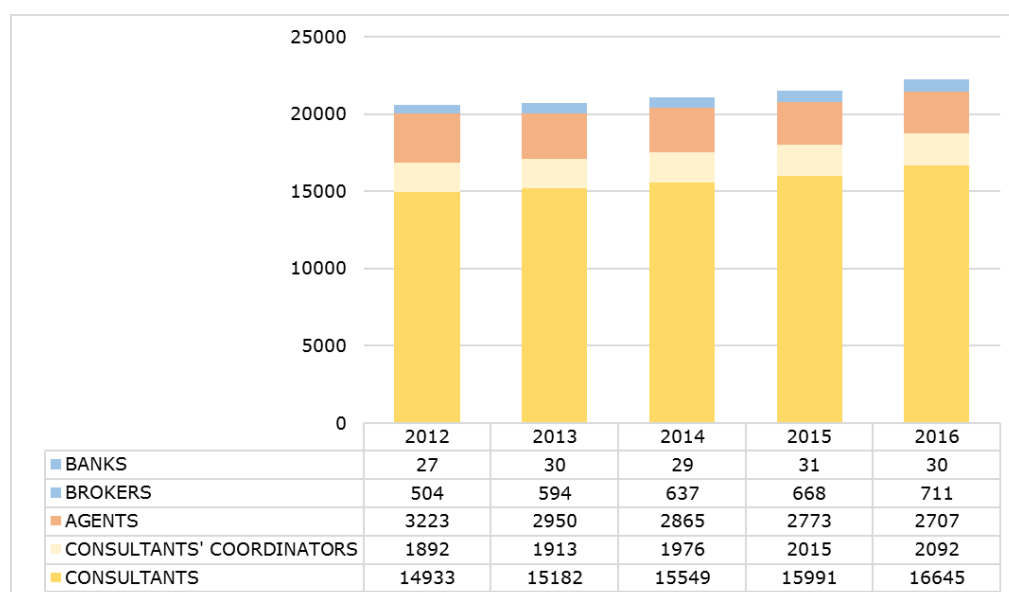
Figure 12.2: Registered insurance intermediaries split by natural and legal persons



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The majority of Greek insurance intermediaries are natural persons.

Figure 12.3: Registered intermediaries split by categories

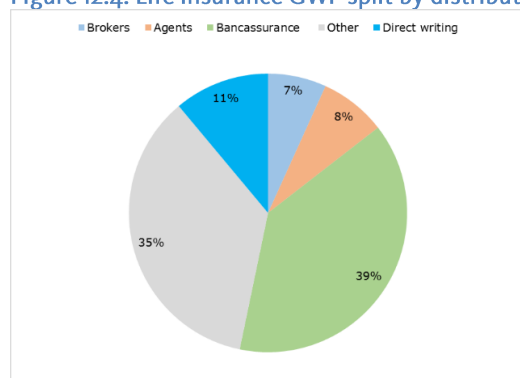


Source: EIOPA Committee on Consumer Protection and Financial Innovation

There are five different types of intermediaries operating in GR and the predominant category are consultants. Most consultants cooperate only with 1 or 2 insurance undertakings.

Distribution channels

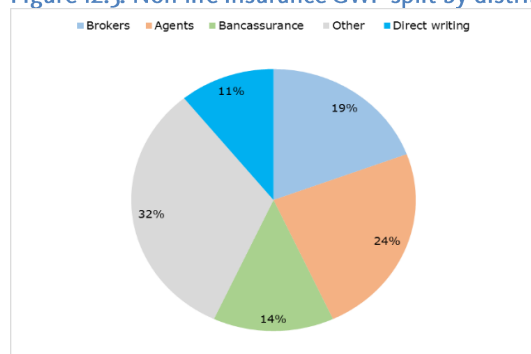
Figure 12.4: Life insurance GWP split by distribution channel in 2017



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The sales of life insurance products is dominated by banks and consultants (falling under the other category). Direct sales also play a role in placing life insurance products in the market, more than agents and brokers.

Figure 12.5: Non-life insurance GWP split by distribution channel in 2017

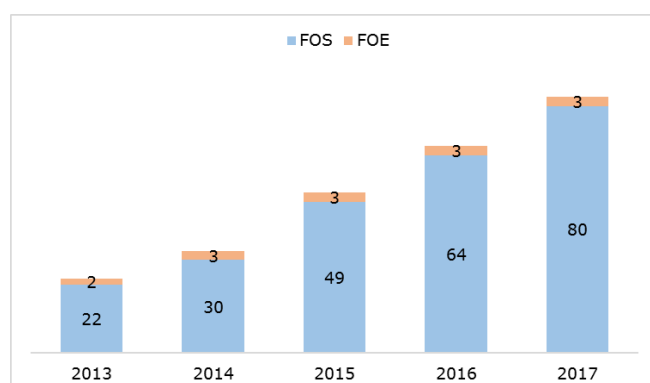


Source: EIOPA Committee on Consumer Protection and Financial Innovation

Consultants also play an important role in the placing of non-life insurance products on the market (other category). Furthermore, although agents are predominant, banks, brokers and direct sales also play a rather important role.

Cross border business

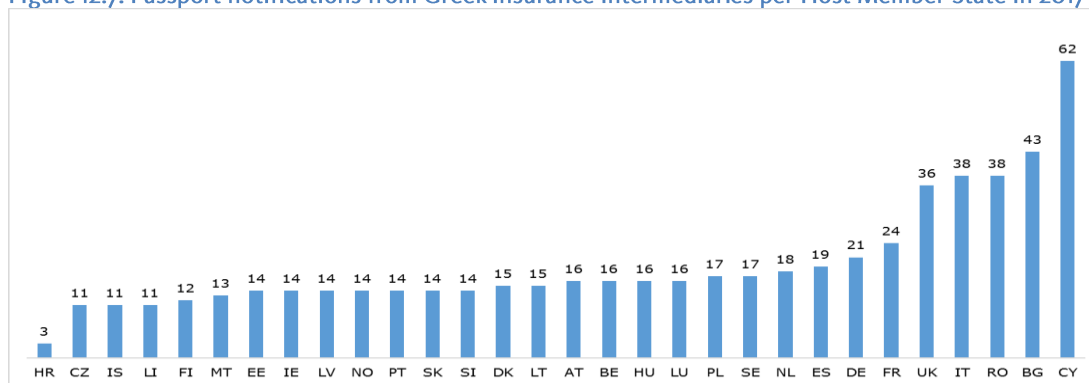
Figure 12.6: Domestic insurance intermediaries with a passport to operate in another Member State



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Although the number of notifications to carry out cross border business has been increasing, it appears that intermediaries do not avail themselves of passporting privileges and only a few of them carry out cross-border business.

Figure 12.7: Passport notifications from Greek insurance intermediaries per Host Member State in 2017



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The majority notifications from Greek insurance intermediaries concern passporting into CY.

Remuneration models

All categories of intermediaries are remunerated on a commissions-based model. Commissions are calculated as a percentage of the premium.

13. Hungary

Figure 13.1: General Market Data (2016)

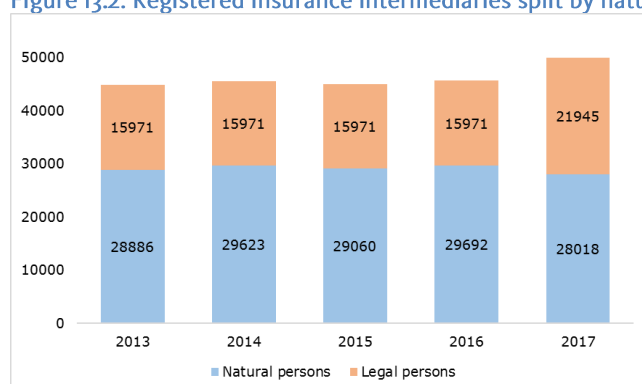
General data of the national market	Amounts	Share total EEA
Population (in 1000)	9,798	1.89%
Insurance GWP	€ 2,825,945,163.92	0.23%
Number of (re)insurance undertakings	27	0.87%
Number of insurance intermediaries	45,663	4.47%

Source: Eurostat, EIOPA

Number and categories of registered insurance intermediaries

Against the general EEA trend the number of registered intermediaries in HU has been increasing over the reporting period. In particular, legal persons saw a substantial increase.

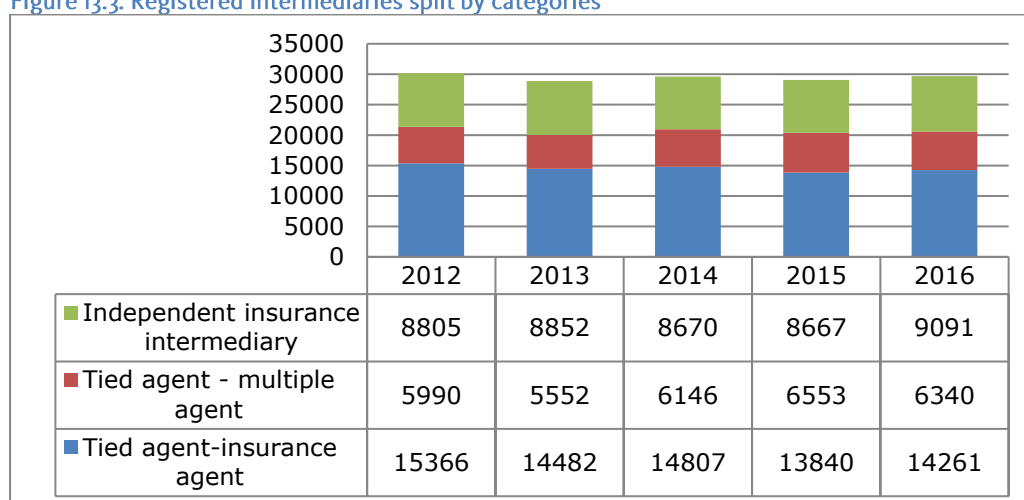
Figure 13.2: Registered insurance intermediaries split by natural and legal persons



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Despite the increase in the number of registered legal persons' intermediaries, natural persons' intermediaries still represent the majority of registered intermediaries in HU. This is because, traditionally and in particular prior to the financial crisis – which led to a decline in the number of tied agents – insurance intermediaries operated either as natural persons or as very small businesses.

Figure 13.3: Registered intermediaries split by categories



Source: EIOPA Committee on Consumer Protection and Financial Innovation

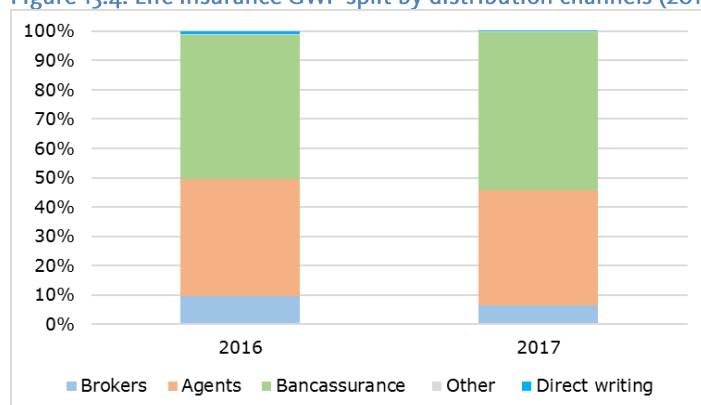
There are three types of intermediaries operating in HU, (multi) tied agents, tied agents and independent insurance intermediaries. Although tied agents have been decreasing over the reporting

period they are still the predominant category. On the other hand, independent agents have been increasing.

This is partially because the number of online sales has been increasing. In fact, HU has a large number of PCWs and price aggregators, which operate as independent intermediaries (brokers). They mainly sell motor insurance, fire and household insurance, and travel insurance. In addition to these PCWs and price aggregators, the Association of Hungarian Insurance Companies (MABISZ) also operates and aggregator for information purposes only.

Distribution channels

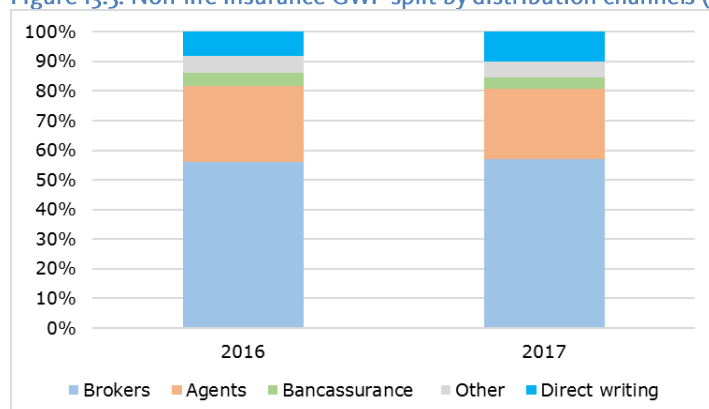
Figure 13.4: Life insurance GWP split by distribution channels (2016-2017)



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Life insurance sales are dominated by bancassurance, which also includes life insurance products sold in post offices. Insurance agents also have an important role in placing life products on the market.

Figure 13.5: Non-life insurance GWP split by distribution channels (2016-2017)

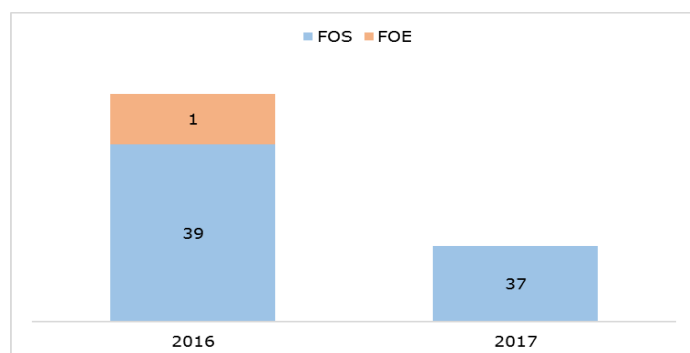


Source: EIOPA Committee on Consumer Protection and Financial Innovation

On the other hand, for what concerns non-life insurance, a significant part of insurance contracts is concluded via brokers. In fact, brokers have a decisive a key role in selling motor insurance policies that is the most common product in HU.

Cross border business

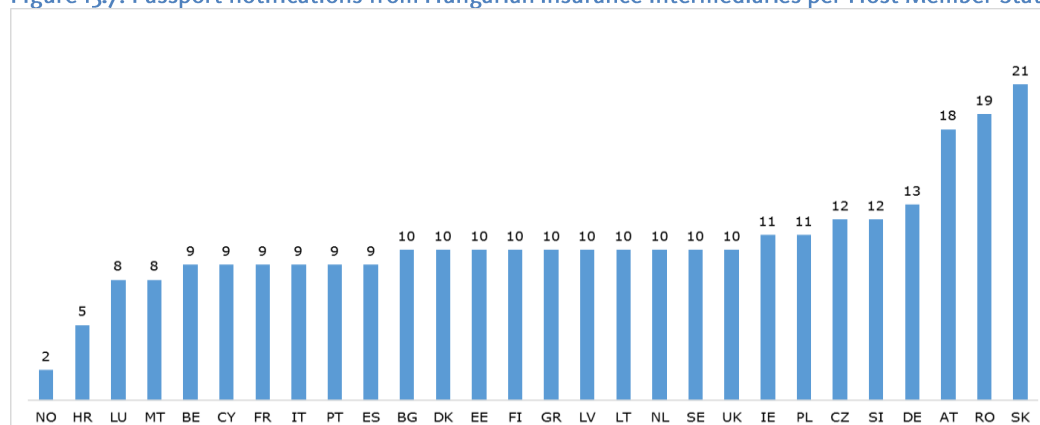
Figure 13.6: Domestic insurance intermediaries with a passport to operate in another Member State (2016-2017)



Source: EIOPA Committee on Consumer Protection and Financial Innovation

For what concerns cross-border business, Hungarian intermediaries are not really active in other Member states. Notifications in 2017 concerned solely cross-border activities on a FoS basis and also saw a decline between 2016 and 2017 (Figure 13.6).

Figure 13.7: Passport notifications from Hungarian insurance intermediaries per Host Member State in 2017



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Like for other Member States the majority of notifications concern passporting into neighbouring AT and SK. A relatively high number of intermediaries also notified of their intention to passport into RO (Figure 13.7).

Remuneration models

On 1 January 2014 a new regulation concerning the payment of commission in connection with unit-linked policies entered into force.² This regulation limits the amount of commissions that can be paid to intermediaries to limit conflict of interests.

² The amount of commission paid in connection with a life insurance policy with savings element may not exceed the amount of the premium the insurance company has received by the time of payment of the commission. By way of derogation from Subsection (1), as regards stipulated-premium life insurance policies with savings element, commission may be paid on the first year calculated from the date of the contract - at the earliest after the first premium payment is received by the insurance company as stipulated - in an amount not exceeding the premium due for fourteen months. The amount of commission paid in total for the full term of the contract may not exceed the amount of the premium the insurance company has received for the full term of the contract. The agreement concluded in writing between the insurance company and the insurance intermediary shall inter alia contain the following:

- a) the due date for the payment of commission, which - as regards the first commission payment - shall not take place before the first premium payment for the contract is received by the insurance company;
- b) the rate of the commission;
- c) conditions for the payment of commission;
- d) the timing for the payment of commission;
- e) the conditions under which the obligation of commission repayment applies, and the conditions for any exemption from such obligation;
- f) the date of termination of the obligation of commission repayment;
- g) entitlement to commission, and the conditions under which such entitlement may be abolished.

Under predetermined uniform conditions the insurance company shall be entitled to differentiate the rate of commission among the intermediaries adjusted as commensurate for the activities of insurance intermediaries and for their performance of such activities. Commissions may not be paid to insurance intermediaries in advance. Apart from the commission for brokering insurance contracts, insurance intermediaries shall not be entitled to any other form of payment from the insurance company.

14. Iceland

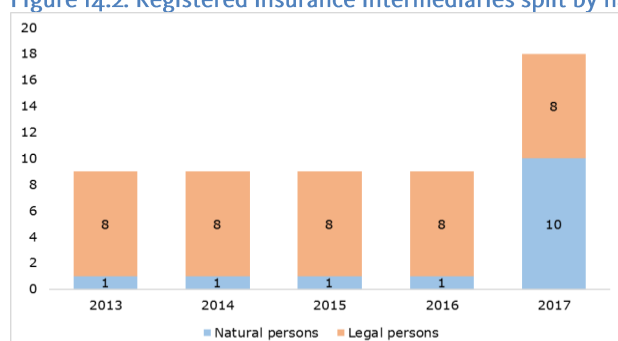
Figure 14.1: General Market Data (2016)

General data of the national market	Amounts	Share total EEA
Population (in 1000)	338	0.07%
Insurance GWP	€ 493,328,615.80	0.04%
Number of (re)insurance undertakings	8	0.26%
Number of insurance intermediaries	9	0.0009%

Source: Eurostat, EIOPA

Number and categories of registered insurance intermediaries

Figure 14.2: Registered insurance intermediaries split by natural and legal persons



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Up to 2016, there were only 9 (only six were active) insurance intermediaries registered in IS. In 2017 this number doubled, but still remains low.

Agents do not need to register with the home competent NCA but insurance undertakings are required to publish a list of their agents.

Distribution channels

Although no specific figures on the role which different distribution channels play in selling insurance products, some conclusions can be made based on information regularly collected by the Icelandic NCA.

Direct sales, via insurance companies' own sales departments, have increased over the last years, in particular for what concerns non-life insurance products. Distribution of non-life insurance products via intermediaries only represents a small portion of the overall insurance market.

The total number of new contracts sold through insurance intermediaries during 2016 was 12.889. Out of those 9.175 contracts were with Icelandic insurance companies.

In addition to the commission, insurance companies shall be allowed to reward insurance intermediaries for services provided outside the scope of insurance intermediary services, properly documented in a manner that is transparent and verifiable, with the underlying reason clearly indicated.

15. Ireland

Figure 15.1: General Market Data (2016)

General data of the national market	Amounts	Share total EEA
Population (in 1000)	4,775	0.92%
Insurance GWP	€ 56,485,008,327.94	4.56%
Number of (re)insurance undertakings	184	5.91%
Number of insurance intermediaries	2,657	0.26%

Source: Eurostat, EIOPA

Insurance intermediaries are regulated by the Central Bank of Ireland (the Irish NCA) under the wider category of 'Retail Intermediaries'.

Various intermediation models exist on the Irish market. The majority of intermediaries operate as financial advisors or insurance brokers and are registered under both the Insurance Mediation Regulations (2005) and the Investment Intermediaries Act (1995). However, credit institutions and credit unions may also hold an insurance intermediary license if they cross-sell insurance products to their customers.

Apart from the Insurance Mediation Regulations, which transposed the 2002 IMD, insurance intermediaries are required to comply with the:

- Consumer Protection Code 2012; and
- Minimum Competency Framework.

The Consumer Protection Code 2012 is a set of principles and rules, which must be followed by all regulated financial services firms when providing financial products and services to consumers.

The Minimum Competency Framework sets out minimum professional standards for persons providing certain financial services, in particular when dealing with consumers. The aim is to ensure that consumers obtain a minimum acceptable level of competence from individuals acting for and on behalf of regulated firms in the provision of advice and information and associated activities, such as decision making on complaints, in connection with retail financial products.

For insurance intermediaries and their employees, who are directly involved in insurance distribution activities, the Minimum Competency framework requires that individuals attain a professional qualification and complete 15 hours of continuous professional development per year. The Minimum Competency Code 2017 and the Central Bank (Supervision and Enforcement) Act 2013³ together replace the former Minimum Competency Code. The changes are applicable as of 3 January 2018. Under the minimum Competency Code, individuals may also work from a prescribed script, while acting under the direct supervision of a suitably qualified person.

Probability Risk and Impact System

The Probability Risk and Impact System is the NCA's supervision model and provides the basis for enhanced risk-based supervision of financial services firms. Such framework allows the NCA to determine the risk-categorisation of different firms, and to adopt a coherent risk-based approach to supervision. Generally, insurance intermediaries are classified as low impact, due to their smaller size – relative to other types of financial entities – and also because many of them do not hold client's moneys. Insurance intermediaries are monitored to ensure that they meet certain ongoing minimum standards, such as, the requirements to submit an online annual return and maintain adequate professional indemnity insurance. Insurance intermediaries may also be selected for examination in thematic inspections and targeted for firm-specific supervisory engagement, which can include both

³ Section 48 (1) Minimum Competency Regulations 2017 (Minimum Competency Regulations 2017).

onsite and offsite supervisory engagement.

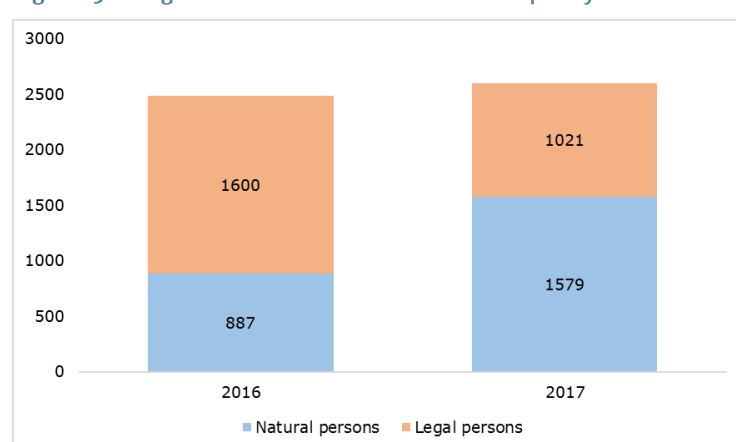
Fitness and Probity

All financial services firms are required to comply with the Central Bank's Fitness and Probity regime. Its core function is to ensure that persons in senior positions and people in control functions, within regulated firms are competent and capable, honest, ethical and of integrity, and also financially sound.

The Central Bank has published a statutory code (the Fitness and Probity Standards) and guidance documents to assist financial services firms and individuals performing Controlled Functions and Pre-Approval Controlled Functions to comply with their fitness and probity obligations. This applies to persons in senior positions within regulated financial service firms.

Number and categories of registered insurance intermediaries

Figure 15.2: Registered insurance intermediaries split by natural and legal persons (2016-2017)

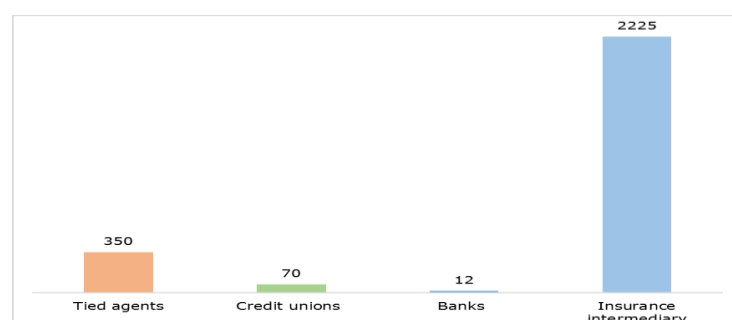


Source: EIOPA Committee on Consumer Protection and Financial Innovation

The size of Retail Intermediary firms can vary from natural persons/sole traders to large companies – in this regard, there is a significant number of natural persons/sole traders who provide financial advice and distribute insurance products.

Excluding credit institutions and credit unions cross-selling insurance products to their customers, there are approx. 2,200⁴ regulated insurance intermediaries. Of these, 92% of the firms have less than 10 employees and 46% have only one employee. These smaller firms usually specialise in offering life, pension and investment or alternatively non-life sales such as motor, home, commercial, etc. The number of regulated firms has been going through a period of contraction over the past number of years.

Figure 15.3: Registered intermediaries split by categories (2016)



Source: EIOPA Committee on Consumer Protection and Financial Innovation

⁴ This figure excludes tied agents.

The insurance intermediaries market in IE comprises approximately 2,600 entities, which are registered to provide insurance intermediation services. These include (but are not limited to):

- Brokers,
- Tied Agents, and
- MGAs.

The NCA has observed a growing number of MGAs in the insurance market. This model is a way for insurance undertakings from one EU Member State to enter another EU Member State or as a distribution channel for specialised or niche products. MGAs generally distributes to other insurance intermediaries who then sell the product to the customer.

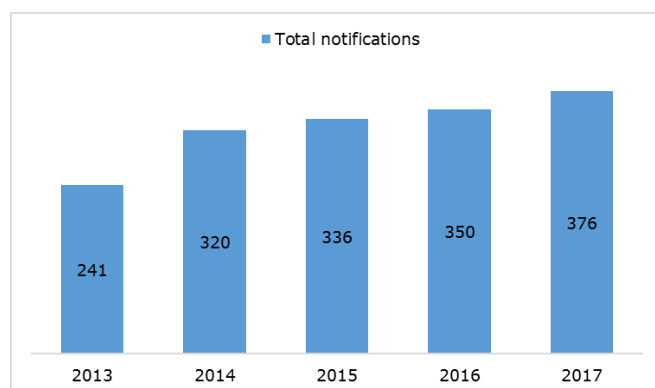
A common model for life insurance distribution is for undertakings to engage tied agents. Life insurance undertakings co-operate with the NCA in the registration of tied agents and the authorisation allows agents to distribute insurance products only for the insurance undertaking for which he/she is registered. Life insurance undertakings must take full responsibility for tied agents' compliance with all regulation that is applicable to insurance intermediaries.

Distribution channels

The Central Bank estimates that approx. 51% of all insurance products manufactured by insurance undertakings, authorised in IE or which have established branches within the Irish jurisdiction, are sold through insurance intermediaries.

Cross border business

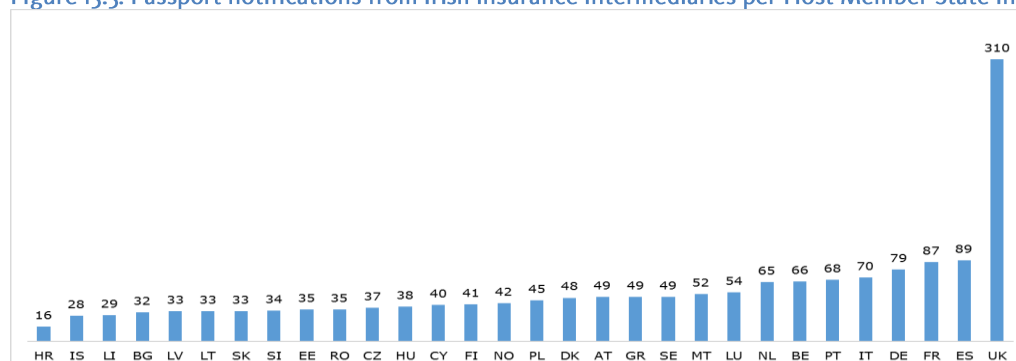
Figure 15.4: Domestic insurance intermediaries with a passport to operate in another Member State



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The number of intermediaries' notifications to carry out cross-border business has been increasing over the entire reporting period.

Figure 15.5: Passport notifications from Irish insurance intermediaries per Host Member State in 2017



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The vast majority of intermediaries' notifications concerns passporting in the UK. This is because

several Irish intermediaries avail themselves of these 'freedoms' to sell insurance products in Northern Ireland.

Remuneration models

The NCA introduced Guidelines on Variable Remuneration. These guidelines cover some parts of the financial sector. While the intermediaries sector was initially not included, the Central Bank notified the sector that firms should consider the guidelines in ensuring that appropriate remuneration processes are in place and are currently considering bringing this sector within scope of these Guidelines.

The NCA also published discussion paper on commission payments⁵ to intermediaries in 2016 and plan further work in this area. The discussion paper is cross-sectoral, also covering commission payments to intermediaries selling life and non-life insurance products; and describes the structure of commission models which are being operated by insurance undertakings in respect of remunerating intermediaries for sales of both life and non-life insurance products.

⁵ [\[Link\]](#)

16. Italy

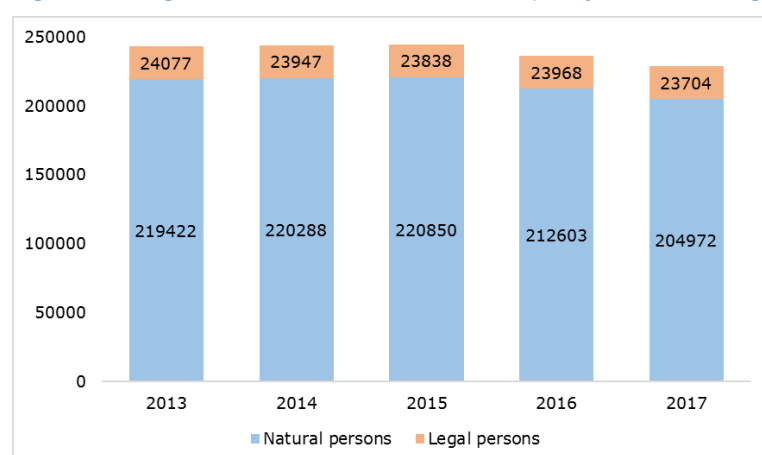
Figure 16.1: General Market Data (2016)

General data of the national market	Amounts	Share total EEA
Population (in 1000)	60,589	11.8%
Insurance GWP	€ 136,319,136,622.96	11.0%
Number of (re)insurance undertakings	109	3.5%
Number of insurance intermediaries	236,571	23.2%

Source: Eurostat, EIOPA

Number and categories of registered insurance intermediaries

Figure 16.2: Registered insurance intermediaries split by natural and legal persons

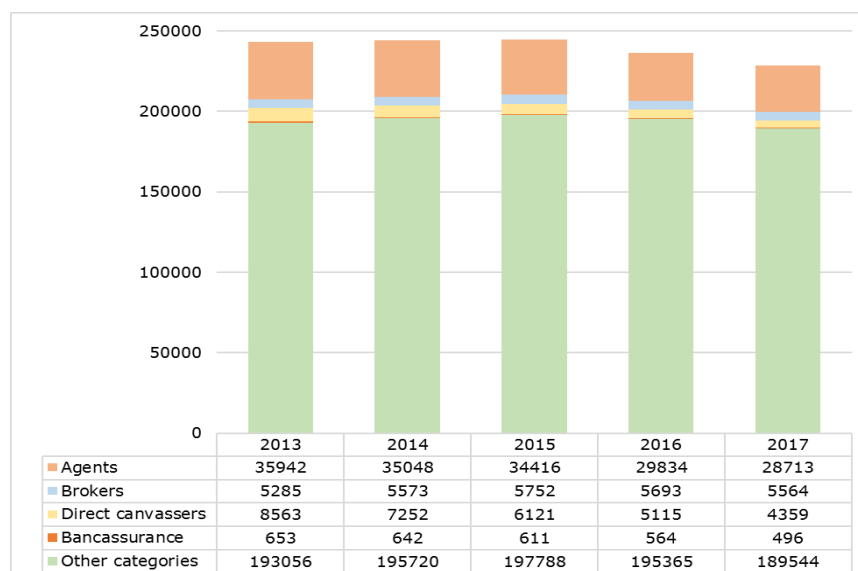


Source: EIOPA Committee on Consumer Protection and Financial Innovation

The Italian intermediaries market has a large number of natural persons' (over 200,000) insurance intermediaries. The majority of registered intermediaries are sole traders or micro enterprises. Only intermediaries registered under Section D of the RUI (i.e., banks and other financial institutions) do not fall within the SMEs definition.

While the number of insurance intermediaries incorporated as legal persons remains relatively constant, the number of insurance intermediaries registered as natural persons has gradually declined over the course of the past 5 years (Figure 16.2). The significant reduction in the number of registered intermediaries is in large part due to intermediaries being removed from the RUI for loss of one or more registration requirements.

Figure 16.3: Registered intermediaries split by categories



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Before the entrance into force of the national law implementing IDD (1 October 2018) the RUI was structured into five different sections to which different types of insurance intermediaries correspond:

A) Agents: these are intermediaries acting in the name or on behalf of one or more insurance or reinsurance undertaking;

B) Brokers: these are intermediaries acting on behalf of their customers, they cannot represent (re)insurance undertakings;

C) Direct canvassers: these are intermediaries who, also as subsidiary activity, pursue life insurance and accident and health insurance mediation activities. This is done on behalf and under the full responsibility of an insurance undertaking. Direct canvassers work exclusively for such undertaking without fixed working hours or without obligations as to the result to be achieved;

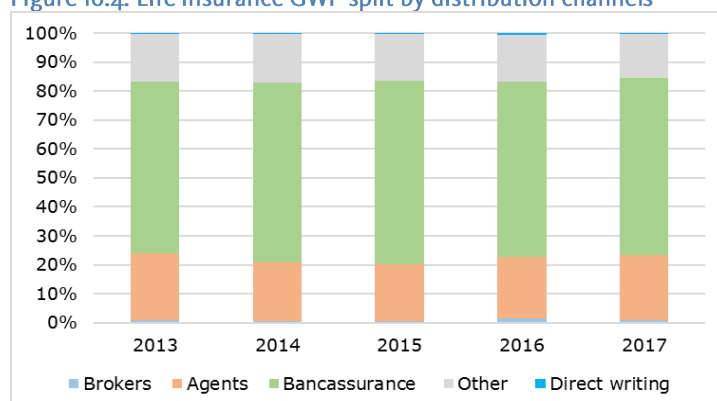
D) Banks, financial intermediaries, stock brokerage companies, Italian Post (Poste Italiane – Divisione servizi di bancoposta);

E) This section is comprised of staff involved in insurance mediation activities on behalf of but outside the premises of intermediaries registered under sections A, B or D.

Some PCWs are also operating in IT and are registered in section B of the RUI.

Distribution channels

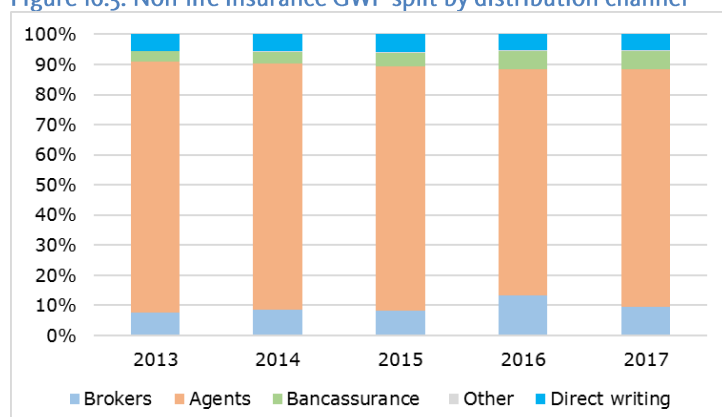
Figure 16.4: Life insurance GWP split by distribution channels



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The vast majority of life insurance products is sold by intermediaries falling under section D of the RUI (mainly banks and the Italian Post Office).

Figure 16.5: Non-life insurance GWP split by distribution channel

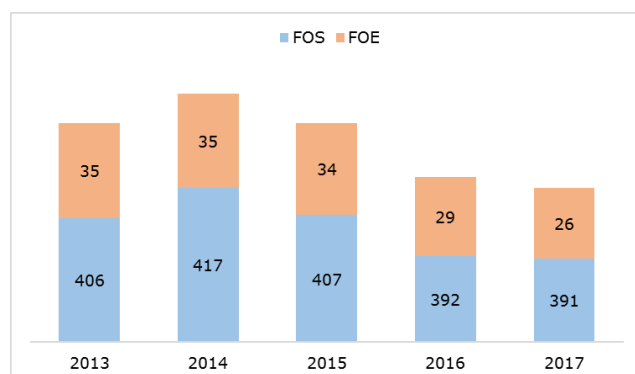


Source: EIOPA Committee on Consumer Protection and Financial Innovation

Agents are by far the most important distribution channel for non-life insurance products. However, it is important to note that during the 2007-2017 period there was a progressive, albeit slow, growth in the role played by direct sales and bancassurance.

Cross border business

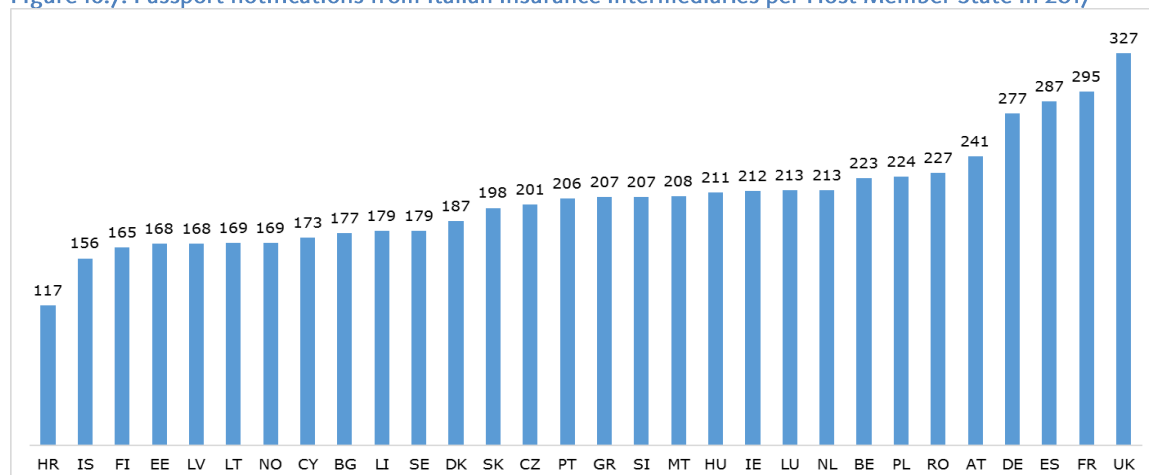
Figure 16.6: Domestic insurance intermediaries with a passport to operate in another Member State



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Following an increase in 2014, the number of intermediaries' notifications to carry out cross border business has been gradually decreasing.

Figure 16.7: Passport notifications from Italian insurance intermediaries per Host Member State in 2017



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Notifications to carry out cross border business from Italian intermediaries mainly concern passporting into large markets such DE, ES, FR, and the UK.

Remuneration models

- **Agents:** Commissions, rappels, bonus commissions
- **Brokers:** In IT, there are mainly three types of different remuneration models for brokers:
 - i) mixed remuneration composed by commissions from insurance undertakings for mediation activities (i.e., for the sales of the insurance product) and fees paid by consumers for managing the contract/the contractual relationship with the undertaking (e.g., claims management);
 - ii) commissions paid by insurance undertakings;
 - iii) commissions paid solely by large professional clients on the basis of a specific negotiation between the client and the broker.
- **Direct canvassers:** Commissions
- **Bancassurance:** Commissions, bonus commissions
- **Others:** Commissions

17. Latvia

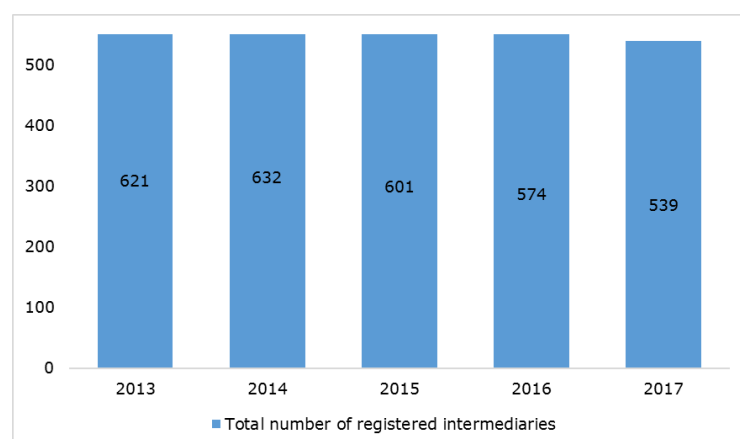
Figure 17.1: General Market Data (2016)

General data of the national market	Amounts	Share total EEA
Population (in 1000)	1,950	0.38%
Insurance GWP	€ 345,066,657.08	0.03%
Number of (re)insurance undertakings	7	0.22%
Number of insurance intermediaries	574	0.06%

Source: Eurostat, EIOPA

Number and categories of registered insurance intermediaries

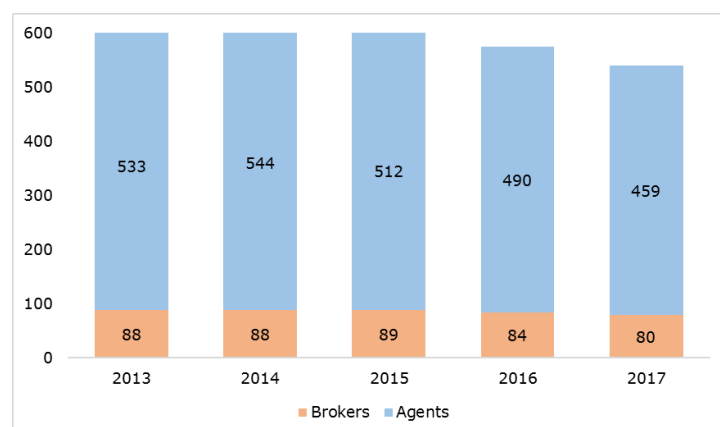
Figure 17.2: Registered insurance intermediaries



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The Latvian insurance intermediaries market is rather small and the number of registered intermediaries has decreased over the reporting period (Figure 17.2). There are two types of intermediaries operating in LV: agents and brokers.

Figure 17.3: Registered intermediaries split per category of insurance intermediary



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Despite the decreasing trend (Figure 17.3), agents still represent the vast majority of intermediaries operating in LV.

18. Liechtenstein

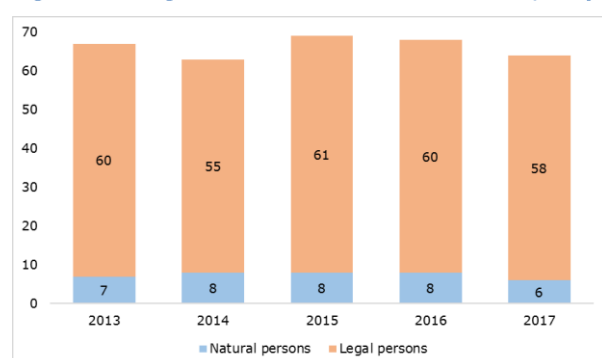
Figure 18.1: General Market Data (2016)

General data of the national market	Amounts	Share total EEA
Population (in 1000)	38	0.01%
Insurance GWP	€ 2,943,114,893.29	0.24%
Number of (re)insurance undertakings	37	1.19%
Number of insurance intermediaries	68	0.01%

Source: Eurostat, EIOPA

Number and categories of registered insurance intermediaries

Figure 18.2: Registered insurance intermediaries split by natural and legal persons

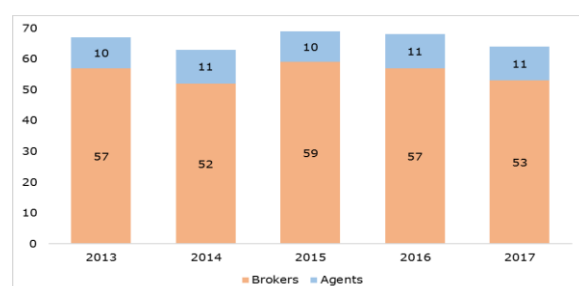


Source: EIOPA Committee on Consumer Protection and Financial Innovation

The number of registered insurance intermediaries in LI has remained rather stable over the reporting period.

There are very few intermediaries registered as natural persons. In fact, most of the intermediaries operating in LI are micro/small companies with a gross income under EUR 500,000. Their structure is also rather simple having up to 3 people management the companies and up to 10 employees.

Figure 18.3: Registered intermediaries split by categories



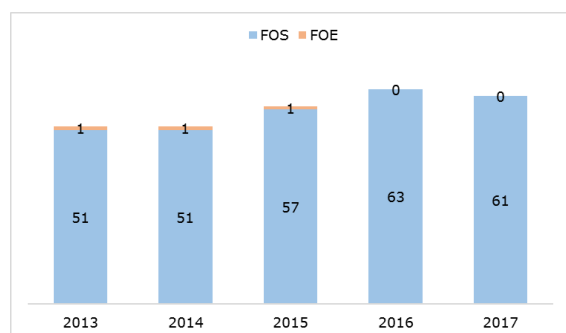
Source: EIOPA Committee on Consumer Protection and Financial Innovation

Intermediaries operating in LI are divided between agents and brokers. The latter represent over 80% of the total number of intermediaries registered in LI.

In LI, banks offering insurance products can opt to be registered either as an agent or as a broker. At present, there are two banks offering insurance products and one of them is registered as an agent while the other one operate as a broker.

Cross border business

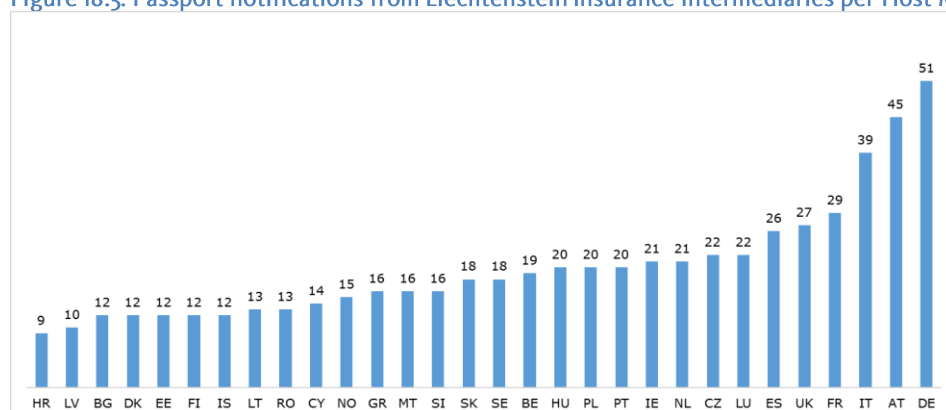
Figure 18.4: Domestic insurance intermediaries with a passport to operate in another Member State



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Given the small size of the market, almost 100% of the total registered intermediaries in LI have notified their home competent authority of their intention to carry out cross-border business (on a FoS basis).

Figure 18.5: Passport notifications from Liechtenstein insurance intermediaries per Host Member State in 2017



Source: EIOPA Committee on Consumer Protection and Financial Innovation

As it can be seen in Figure 18.5 the majority of notifications concerns performing cross-border business in neighbouring AT, DE, and IT. In addition, due to the agreement on direct insurance and insurance intermediaries between LI and CH, almost all intermediaries are also writing business in CH as a third country.

Remuneration models

- **Brokers:** Brokers operating in LI can be subject to different remuneration models and structures:
 - i) be remunerated based on a commission model (acquisition and portfolio commission);
 - ii) be remunerated on a fee-based model;
 - iii) be remunerated based on a mixed model (fees + commissions).
- **Agents:** Agents are solely remuneration via commissions (acquisition and portfolio commission) paid by insurance undertakings.

19. Lithuania

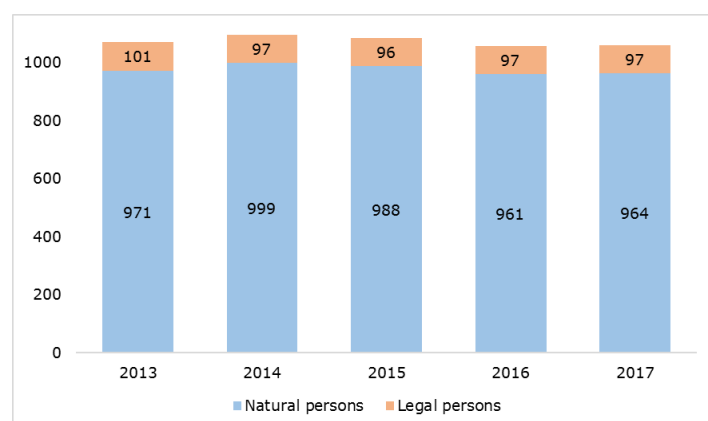
Figure 19.1: General Market Data (2016)

General data of the national market	Amounts	Share total EEA
Population (in 1000)	2,848	0.55%
Insurance GWP	€ 498,375,596.16	0.04%
Number of (re)insurance undertakings	9	0.29%
Number of insurance intermediaries	1,058	0.10%

Source: Eurostat, EIOPA

Number and categories of registered insurance intermediaries

Figure 19.2: Registered* Insurance Intermediaries split by natural and legal persons



*registered by the Bank of Lithuania

Source: EIOPA Committee on Consumer Protection and Financial Innovation

The number of registered intermediaries in LT, including the split natural and legal persons has remained stable over the entire reporting period (Figure 19.2).

Figure 19.3: Registered insurance intermediaries split by categories



*) The exact number of dependent insurance intermediaries is not available, but approximately there are more than 4000 of natural and legal persons operating as dependent insurance intermediaries

Source: EIOPA Committee on Consumer Protection and Financial Innovation

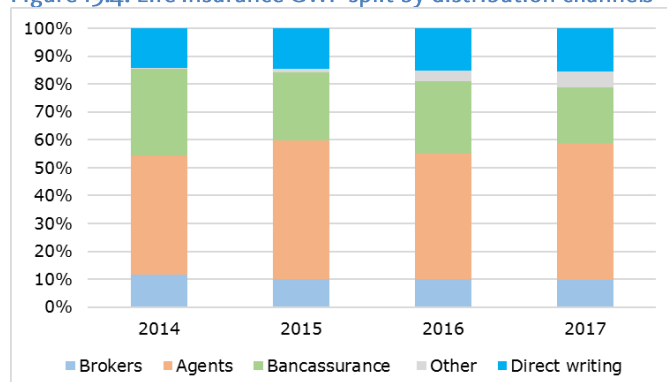
There are three types of insurance intermediaries and not all of them need to be registered with the Lithuanian NCA. Dependent/tied insurance intermediaries are registered by insurance undertakings

and, hence, the exact number of active dependent intermediaries is not available. It is estimated that at present there are 4000 (natural and legal persons) intermediaries operating as dependent insurance intermediaries. They are the most numerous category in the Lithuanian market (Figure 19.3).

Distribution channels

Despite the fact that dependent insurance intermediaries (agents and bancassurance) are the most numerous intermediary category, operating in LT, their role in the distribution insurance products is mainly limited to life insurance. In fact, brokers write over 40% of total GWP (mainly non-life).

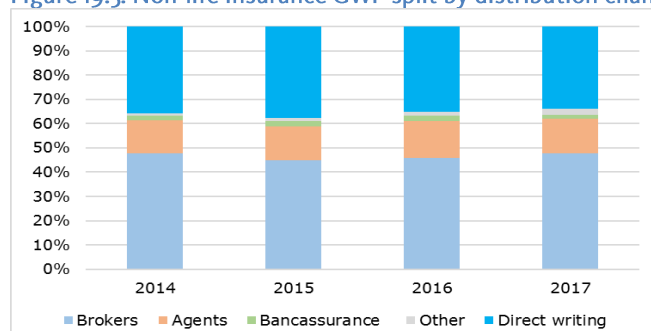
Figure 19.4: Life insurance GWP split by distribution channels



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Agents and bancassurance are the predominant distribution channels for life insurance policies (Figure 19.4), despite their role having decreased from 2014.

Figure 19.5: Non-life insurance GWP split by distribution channels

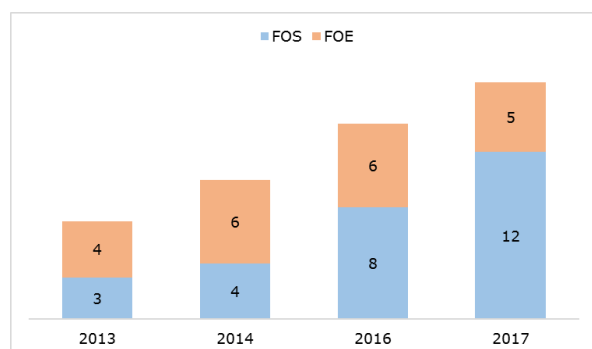


Source: EIOPA Committee on Consumer Protection and Financial Innovation

Brokers are the predominant distribution channel for non-life insurance products. Direct sales also play an important role in selling non-life products. Finally, it is worth noting that the role of agents has also increased in recent years (Figure 19.5).

Cross border business

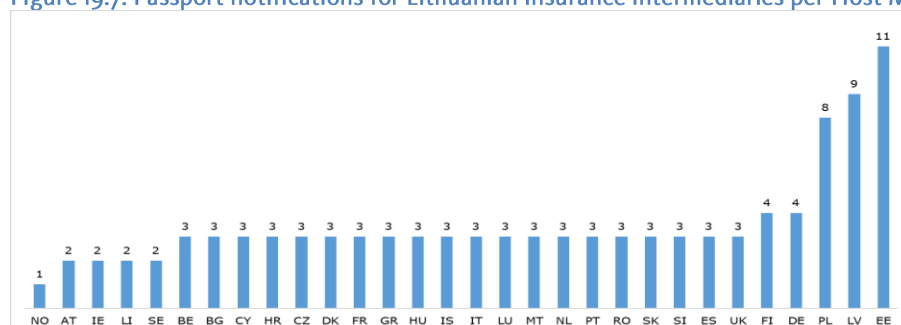
Figure 19.6: Domestic insurance intermediaries with a passport to operate in another Member State



Source: EIOPA Committee on Consumer Protection and Financial Innovation

For what concerns cross-border business, the number of FoS notifications has significantly increased over the entire reporting period, despite remaining low. FoE notifications also increased; however, the increase has not been significant (from 4 in 2013 to 5 in 2017 – Figure 19.6).

Figure 19.7: Passport notifications for Lithuanian insurance intermediaries per Host Member State in 2017



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Given the significant interdependence between the Baltic insurance markets, the majority of notifications to carry out cross-border business concern passporting in LV and EE, followed by PL (Figure 19.7).

Remuneration models

- **Insurance brokers:** Brokers are generally remunerated via commissions paid by insurance undertakings. Brokerage companies pay salaries and bonuses to their employers.
- **Dependent insurance intermediaries (agents, agency companies, banks):** Dependent insurance intermediaries are generally remunerated via commissions paid by insurance undertakings.

20. Luxembourg

Figure 20.1: General Market Data (2016)

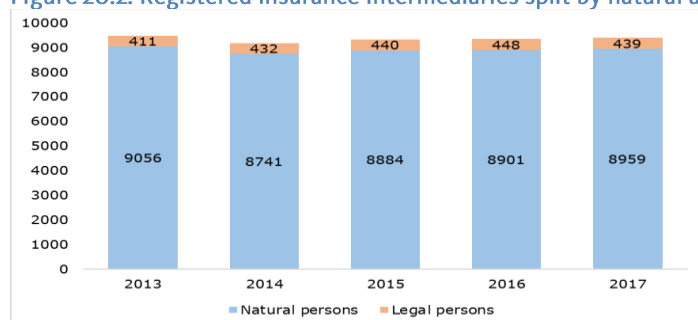
General data of the national market	Amounts	Share total EEA
Population (in 1000)	591	0.11%
Insurance GWP	€ 26,304,873,873.96	2.12%
Number of (re)insurance undertakings	265	8.61%
Number of insurance intermediaries	9,349	0.92%

Source: Eurostat, EIOPA

Number and categories of registered insurance intermediaries

The number of registered insurance intermediaries in LU remained stable over the entire reporting period.

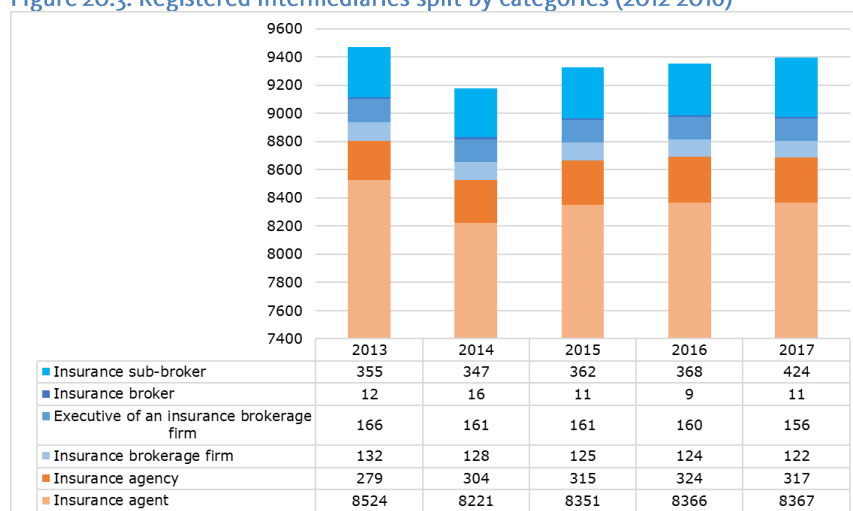
Figure 20.2: Registered insurance intermediaries split by natural and legal persons



Source: EIOPA Committee on Consumer Protection and Financial Innovation

In fact, the number of natural persons registered as insurance intermediaries in Luxembourg decreased in 2013 due to the removal of the register of the inactive insurance agents but since then remained stable (Figure 20.2). At the same time, the number of intermediaries registered as legal persons slightly increased.

Figure 20.3: Registered intermediaries split by categories (2012-2016)

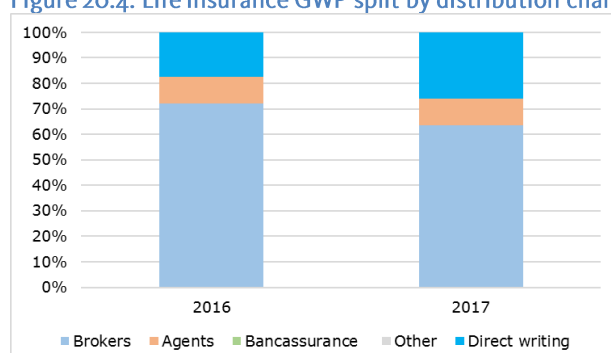


Source: EIOPA Committee on Consumer Protection and Financial Innovation

There are six categories of intermediaries in LU. All these categories need to receive ministerial authorization prior to beginning insurance mediation activities. The categories are as follows: insurance agents, insurance agencies, insurance brokers, insurance brokerage firms, executives of insurance brokerage firms and insurance sub-brokers. However, the executives of insurance brokerage firms and insurance sub-brokers are not independent. The executives of insurance brokerage firms are natural persons who are authorized to run insurance brokerage firms and the insurance sub-brokers are natural persons, other than executives of insurance brokerage firms, who are working under the responsibility of insurance brokers or insurance brokerage firms.

Distribution channels

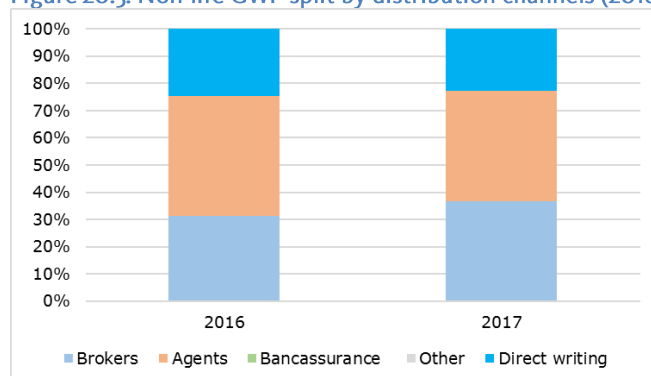
Figure 20.4: Life insurance GWP split by distribution channels (2016-2017)



Source: EIOPA Committee on Consumer Protection and Financial Innovation

For what concerns the sale of life insurance products, brokers (including insurance brokerage firms) are the prevalent distribution channels. This is partially due to the fact that some banks operating in LU are registered as brokerage firms and premiums written by banks fall under this category.

Figure 20.5: Non-life GWP split by distribution channels (2016-2017)

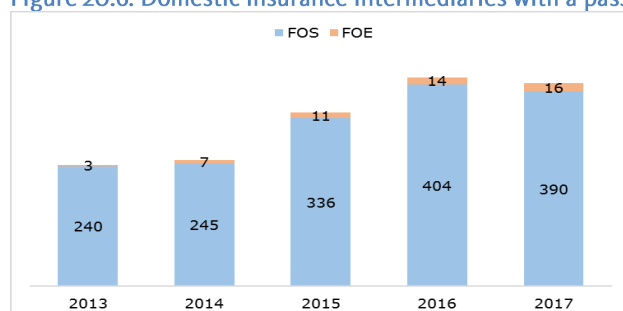


Source: EIOPA Committee on Consumer Protection and Financial Innovation

On the other hand, for what concerns non-life insurance products, agents are the predominant distribution channel but also direct sales and brokers have an important role in the sale of non-life insurance products.

Cross border business

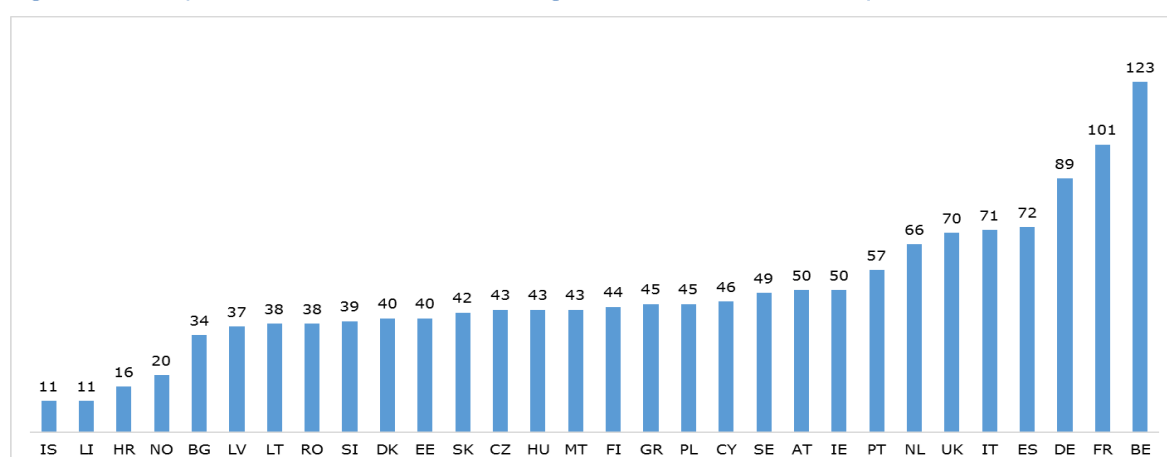
Figure 20.6: Domestic insurance intermediaries with a passport to operate in another Member State



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The number of notifications to carry out cross border business under FoS regime has increased from 240 in 2013 to 390 in 2017. For what concerns FoE, they saw a rather substantial increase (from 3 in 2013 to 16 in 2017).

Figure 20.7: Passport notifications from Luxembourgish insurance intermediaries per Host Member State in 2017



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The majority of intermediaries' notifications to carry out cross border business concern neighbouring countries: BE, followed by DE and FR (Figure 20.7).

Remuneration models

- **Agents:** Agents are almost exclusively paid via commissions from insurance undertakings.
- **Brokers:** In 2016, approximately 73% of brokers' remuneration was commissions based. 19% of brokers' remuneration was based on fees paid by customers.

21. Malta

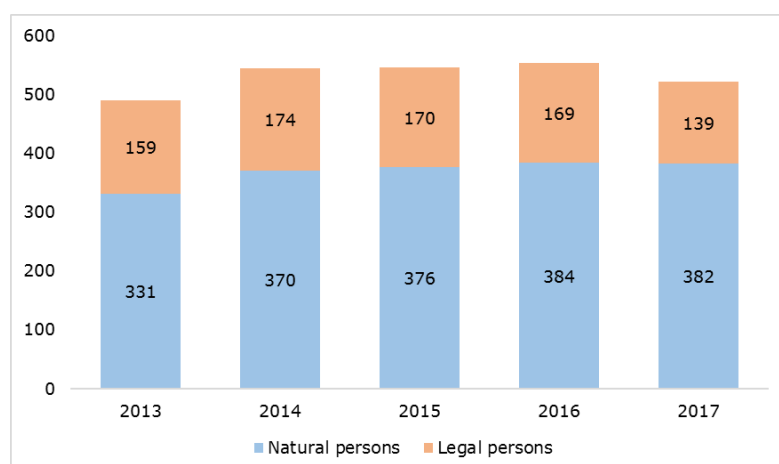
Figure 21.1: General Market Data (2016)

General data of the national market	Amounts	Share total EEA
Population (in 1000)	440	0.09%
Insurance GWP	€ 1,719,447,495.94	0.14%
Number of (re)insurance undertakings	61	1.96%
Number of insurance intermediaries	553	0.05%

Source: Eurostat, EIOPA

Number and categories of registered insurance intermediaries

Figure 21.2: Registered insurance intermediaries split by natural and legal persons

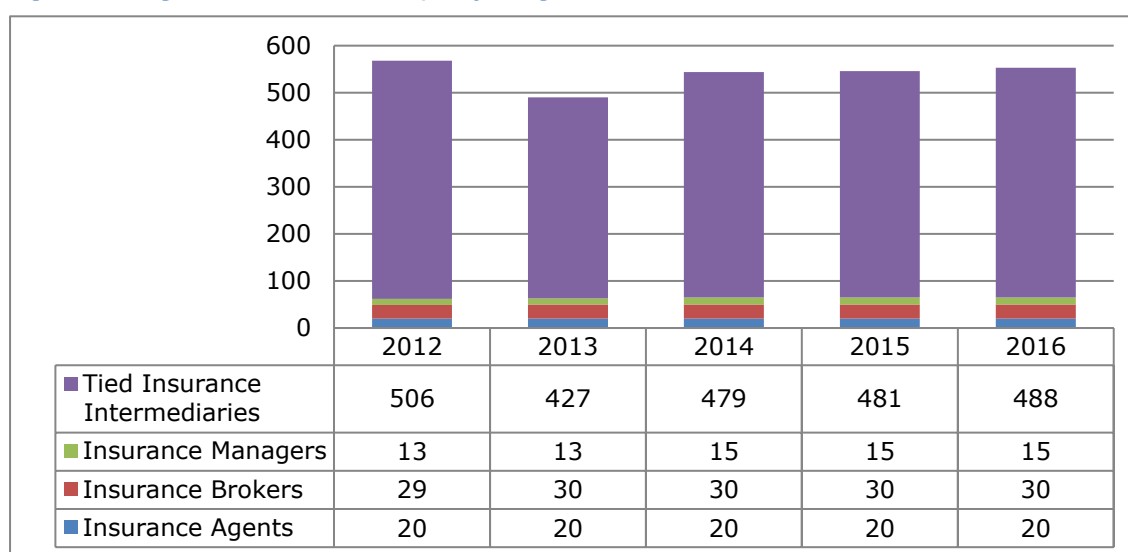


Source: EIOPA Committee on Consumer Protection and Financial Innovation

The number as well as the split natural persons and legal persons has remained relatively stable over the reporting period (Figure 21.2).

In the Maltese market, the term ‘natural persons’ refers to Tied Insurance Intermediaries who are individuals whilst the term ‘legal persons’ includes Insurance Brokers, Insurance Agents, Insurance Managers and corporate entities registered as Tied Insurance Intermediaries.

Figure 21.3: Registered intermediaries split by categories (2012-2016)



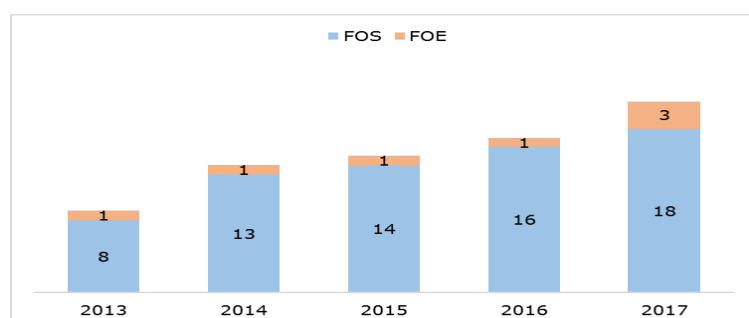
Source: EIOPA Committee on Consumer Protection and Financial Innovation

In terms of registration numbers, tied insurance intermediaries are the predominant category in the Maltese market. This type of intermediaries are either natural persons or companies carrying out insurance intermediation activities on behalf of one or more authorised insurance undertaking. They act under the full responsibility of the undertaking. Banks selling insurance products need to be registered as tied insurance intermediaries.

Brokers and insurance agents representing a small proportion of the Maltese intermediaries' population (Figure 21.3).

Cross border business

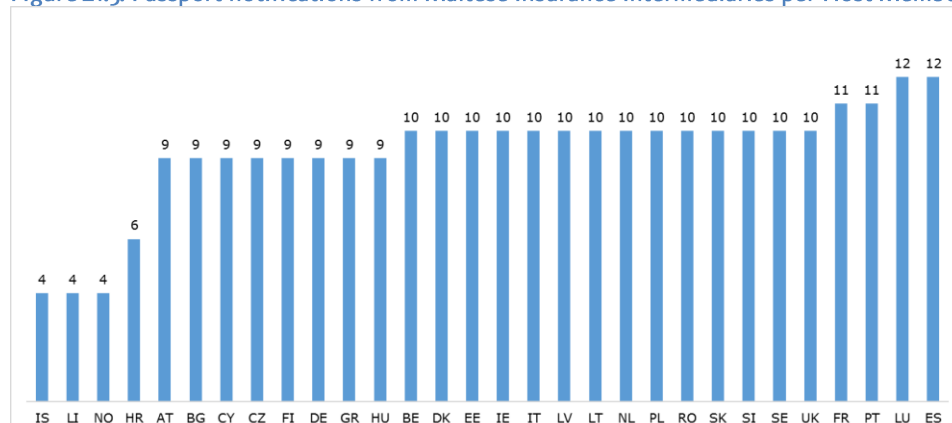
Figure 21.4: Domestic insurance intermediaries with a passport to operate in another Member State



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The number of domestic insurance intermediaries with a passport to operate in another Member State has been steadily increasing. In relative terms, the number of FoE notifications is high.

Figure 21.5: Passport notifications from Maltese insurance intermediaries per Host Member State in 2017



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The distribution of notifications to operate in another Member States is almost evenly split amongst all Member States (Figure 21.5).

Remuneration models

- **Agents:** Commission based remuneration model;
- **Brokers:** Mixed of commission and fee based remuneration model; and
- **Tied insurance intermediaries:** Commission based remuneration model.

22. Netherlands

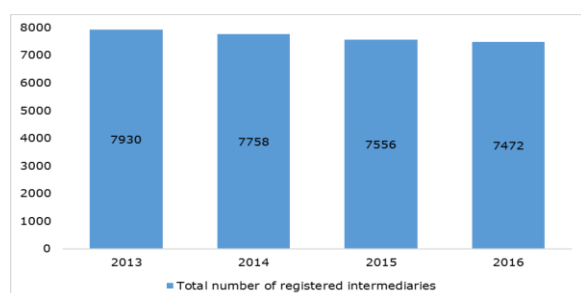
Figure 22.1: General Market Data (2016)

General data of the national market	Amounts	Share total EEA
Population (in 1000)	17,082	3.30%
Insurance GWP	€ 70,060,396,741.22	5.66%
Number of (re)insurance undertakings	145	4.66%
Number of insurance intermediaries	7,472	0.73%

Source: Eurostat, EIOPA

Number and categories of registered insurance intermediaries

Figure 22.2: Registered insurance intermediaries (2013-2016)



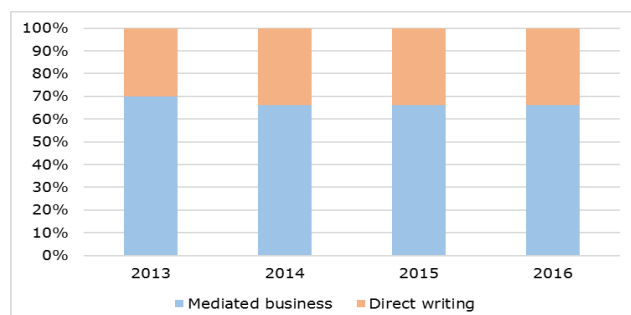
Source: EIOPA Committee on Consumer Protection and Financial Innovation

In NL the number of registered insurance intermediaries has been decreasing in the past years (Figure 22.2).

Distribution channels

In terms of distribution channels, only data on the split between direct and mediated business is available. Direct sales have been slowly increasing mainly due to technological advancements and the way in which insurance undertakings relate with their customers.

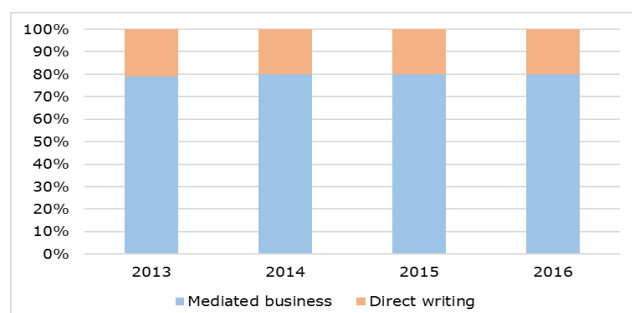
Figure 22.4: Life insurance GWP split by direct writing and other channels (2012-2016)



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Direct business is particularly significant and increasing with regard to life insurance products.

Figure 22.5: Non-life insurance GWP split by direct writing and other channels (2012-2016)

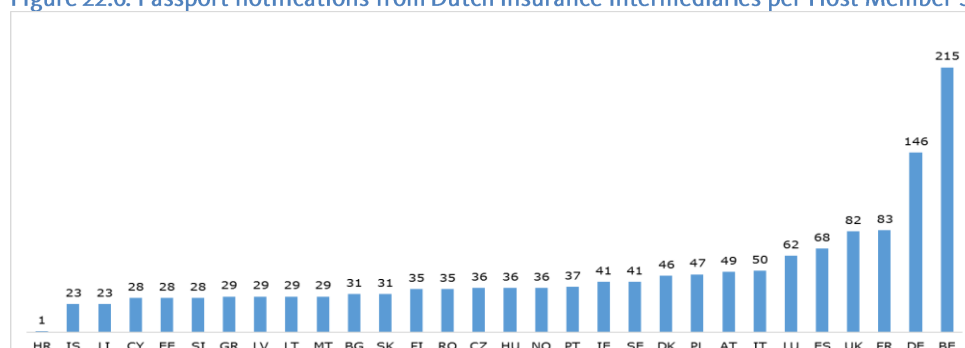


Source: EIOPA Committee on Consumer Protection and Financial Innovation

In the non-life insurance sector, mediated business continues to remain high despite direct business slowly penetrating also the sales of non-life insurance products.

Cross border business

Figure 22.6: Passport notifications from Dutch insurance intermediaries per Host Member State in 2017



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The vast majority of intermediaries' notifications to carry out cross-border business, concern passporting into BE, followed by DE (Figure 22.6).

Remuneration models

In 2013, a ban on inducements/commissions was introduced in NL. The ban prohibits inducements/commissions for all financial advisers and intermediaries. It applies when complex financial products are being sold to retail clients.

The underlying principle behind the ban is to incentivize intermediaries to act in the best interest of their clients. An evaluation of this piece of legislation has been recently conducted by the Dutch Ministry of Finance. The evaluation specifically looked at: (1) the effects of the inducements/commissions ban on the market; and (2) consumers' behaviours when making financial choices. The key findings of the evaluation are presented below:

- The ban on inducements has been effective. The evaluation has established that intermediaries, when recommending products now mainly take into account consumers' interests. The quality of advice has also improved. The ban on inducements is widely supported, also amongst advisers.
- The evaluation did not identify any particular issues with regard to limited access to adequate advice because of the ban; even though, consumers seem to underestimate the costs of advice. At the same time, readiness to pay for advice is increasing as advisers now have the opportunity to explain their added value.
- Furthermore, the evaluation found that consumers mainly base their choices on internet reviews and family's and acquaintances' recommendations. They still make little to no comparison between various products and providers.

23. Norway

Figure 23.1: General Market Data (2016)

General data of the national market	Amounts	Share total EEA
Population (in 1000)	5,258	1.02%
Insurance GWP	€ 15,853,662,899.41	1.28%
Number of (re)insurance undertakings	71	2.25%
Number of insurance intermediaries	107	0.01%

Source: Eurostat, EIOPA

In NO, the NCA only registers:

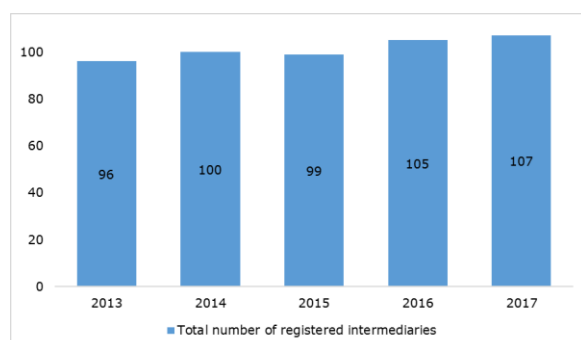
- Norwegian insurance brokerage firms;
- Norwegian insurance agents that have concluded insurance intermediation contracts with foreign insurance undertakings (except for branches where the branch register Norwegian agents);
- Norwegian insurance agents that have concluded insurance intermediation contracts with foreign insurance undertakings on an ancillary basis.

Other insurance agents are registered in publicly available registers, kept by Norwegian insurance undertakings (or branches). Each Norwegian insurance undertaking (or branch) is required to update the publicly available register and provide up to date information with regard to the number of agents with whom they have a contract.

In terms of the split natural and legal persons, in NO all intermediaries are required to be registered as a company. In fact, according to the Act on Insurance Mediation (Section 2.2), an entity, in order to receive authorisation to operate as an insurance brokerage firm, must be organised as: a private limited liability company, a public limited liability company, a partnership or a sole proprietorship (still to be incorporated as a company). While no specific organizational requirements are imposed on agents, the wording of the Act assumes that legal persons and not natural ones carry out the activity of insurance agent. Further, in administrative practice it is assumed that insurance agents need to be organized in the same way as insurance brokerage firms.

Number and categories of registered insurance intermediaries

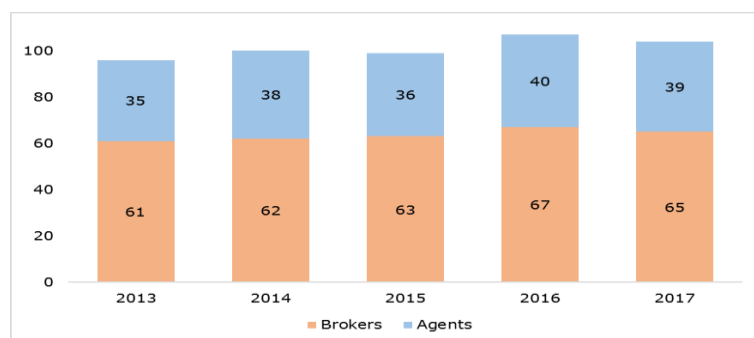
Figure 23.2: Total number of intermediaries registered by the Norwegian FSA



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The total number of intermediaries registered with the NCA has slightly increased.

Figure 23.4: Intermediaries registered by the Norwegian FSA, split by categories

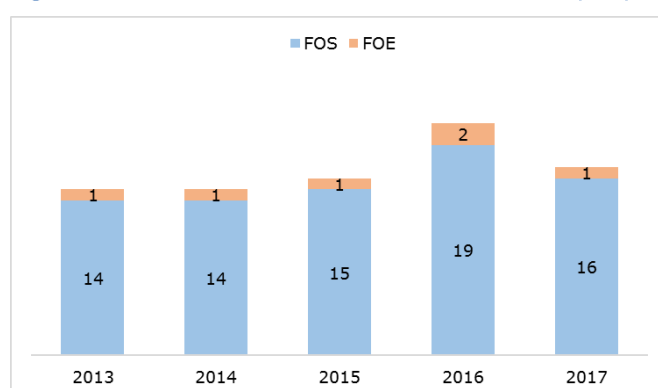


Source: EIOPA Committee on Consumer Protection and Financial Innovation

As explained above only some defined categories of agents are required to register with the NCA, it can be noticed in Figure 23.4 that brokers are the majority of intermediaries registered with the NCA.

Cross border business

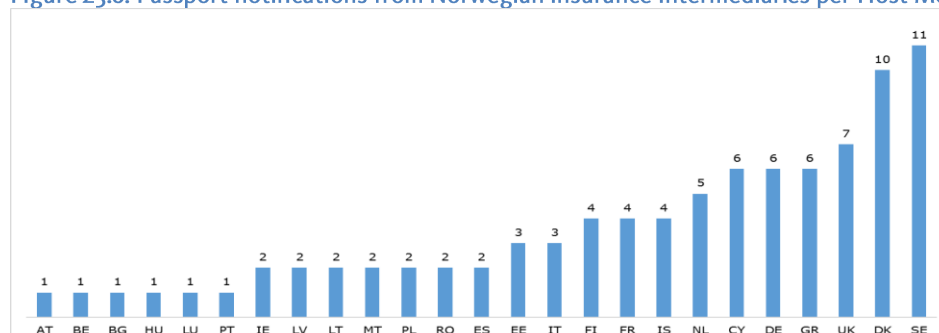
Figure 23.5: Domestic insurance intermediaries with a passport to operate in another Member State



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The number of insurance intermediaries registered in NO and having notified of their intention to operate on a cross-border basis is small. In particular, only one insurance intermediary registered in NO has opened a branch in other EEA Member State in 2017 (Figure 23.5).

Figure 23.6: Passport notifications from Norwegian insurance intermediaries per Host Member State in 2017



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Notifications to operate on a cross border basis in SE and DK are the highest (Figure 23.6).

Remuneration models

- **Agents:** Agents are remunerated via commissions paid by insurance undertakings. Agent need, at minimum provide, customers with information about the nature and amount of the commissions and/or any other type of remuneration that the agent receives from the insurance undertaking.

- **Brokers:** Brokers are generally remunerated via the payment of a percentage of the premium from customers. Norwegian legislation prohibits insurance brokers from receiving commissions or other monetary incentives from insurance undertakings. However, the prohibition does not apply to mediation of insurance contracts written on behalf of an insurance undertaking established in another EEA Member State, provided that the commission received from the insurance undertaking is transferred to the customer and it specified and included in the amount the customer needs to pay.

24. Poland

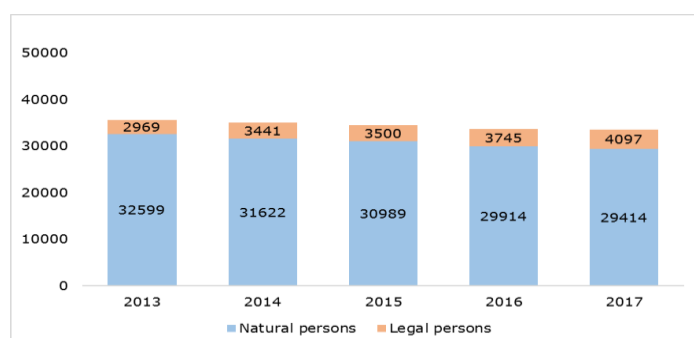
Figure 24.1: General Market Data (2016)

General data of the national market	Amounts	Share total EEA
Population (in 1000)	37,973	7.34%
Insurance GWP	€ 12,268,175,730.13	0.99%
Number of (re)insurance undertakings	62	1.99%
Number of insurance intermediaries	33,659	3.30%

Source: Eurostat, EIOPA

Number and categories of registered insurance intermediaries

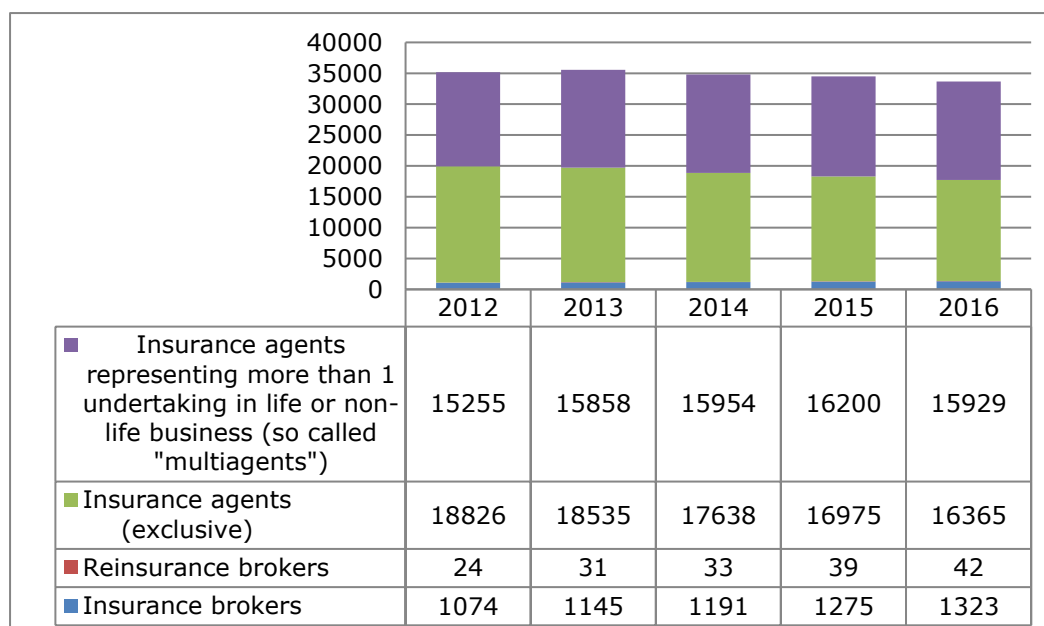
Figure 24.2: Registered insurance intermediaries split by natural and legal persons



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The majority of insurance intermediaries registered in Poland are natural persons (Figure 24.2). While natural persons' intermediaries have been decreasing, legal persons have seen an increase in the reporting period.

Figure 24.3: Registered intermediaries split by categories (2012-2016)



Source: EIOPA Committee on Consumer Protection and Financial Innovation

In PL, intermediaries in order to be able to operate in the market need to be registered under one of the following categories: insurance brokers, reinsurance brokers, and tied or multi-tied agents. Multi-tied agents are required to have professional indemnity insurance, whereas insurance undertakings

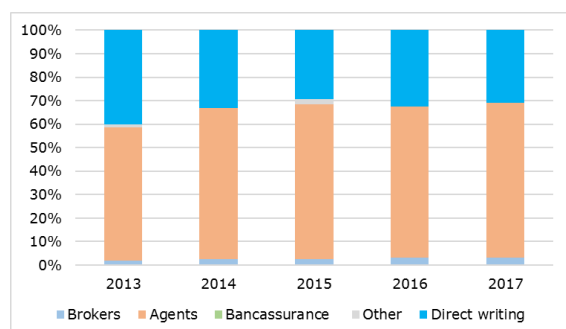
are fully responsible for tied agents' activities.

In terms of registration numbers, agents are the predominant category (Figure 24.3). Banks selling insurance products need to be registered as agents.

Distribution channels

In terms of distribution of both life and non-life insurance products, agents are the main distribution channel. While the role which agents (including bancassurance) play in placing life insurance (Figure 24.4) products on the market has been stable, it has increased for non-life insurance products (Figure 24.5).

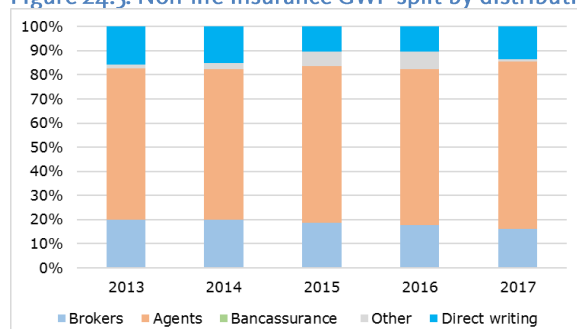
Figure 24.4: Life insurance GWP split by distribution channels



Source: EIOPA Committee on Consumer Protection and Financial Innovation

When looking at these figures, in particular life insurance related figures, it has be remembered that bancassurance falls under the agent category.

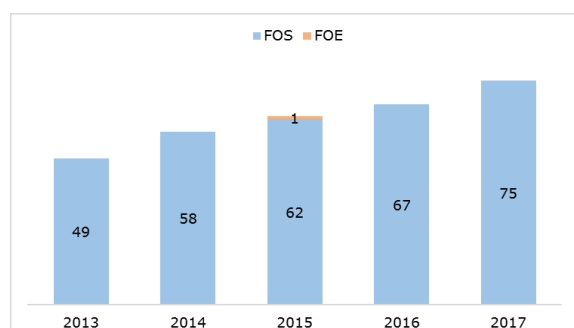
Figure 24.5: Non-life insurance GWP split by distribution channels



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Cross border business

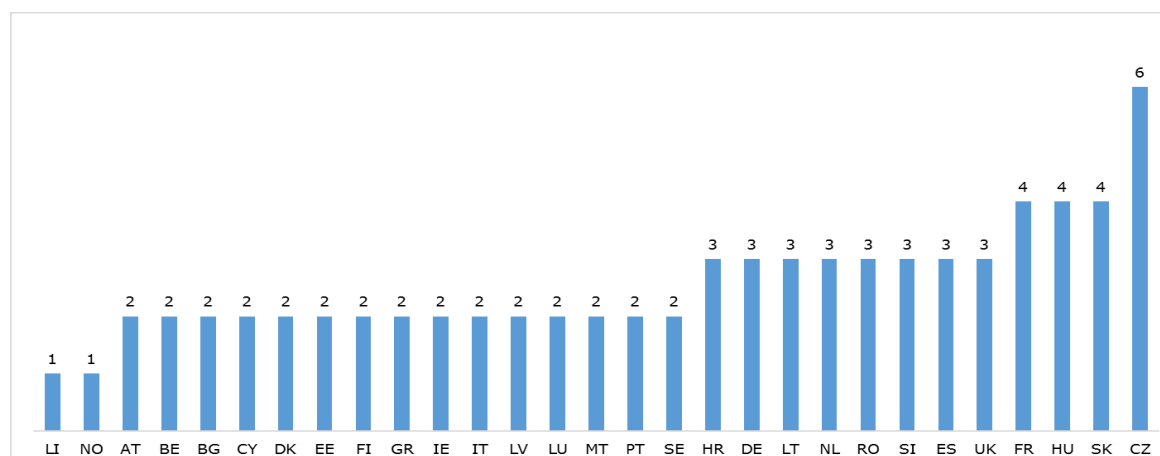
Figure 24.6: Domestic insurance intermediaries with a passport to operate in another Member State



Source: EIOPA Committee on Consumer Protection and Financial Innovation

In relation to the total number of registered intermediaries in PL, only a small number of them have notified their home competent authority of their intention to operate on a cross-border basis, (Figure 24.2 and 24.6).

Figure 24.7: Passport notifications from Polish insurance intermediaries per Host Member State in 2017



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Although there are no major variations (from 1 in LI to 6 in CZ), most notifications concern passporting in neighbouring countries (CZ, HU, and SK) and in FR.

Remuneration models

While there is not a general ban on commission, in 2016 a ban on remuneration to the policyholder stemming out of group policies was introduced.⁶

In addition, specific measures for unit-linked products were introduced:

- For unit-linked contracts concluded for a period not exceeding 5 years, the insurance undertaking, remuneration of intermediaries needs to be evenly split across the duration of the contract.
- For unit-linked contracts concluded for a period exceeding 5 years, the insurance undertaking, intermediaries' remuneration needs to be equally distributed over a period of at least 5 years.⁷

Similar rules apply to index-based insurance and other insurance products whose value is established based on some other baseline values.

⁶ Act of 11 of September 2015 on Insurance and Reinsurance Business, Article 18: "1. In the insurance for the benefit of third party, in particular in group insurance, the policyholder may not receive any remuneration or other benefits associated with offering the insurance cover or any activities related to performance of insurance contract. The above shall not exclude the optional obligation of the insured for the policyholder to cover the insurance premium costs.

2. Prohibition to receive remuneration or any other benefits referred to in paragraph 1 shall include also the persons acting for or on behalf of the policyholder.

3. The provisions of first sentence of paragraph 1 and of paragraph 2 shall not apply to the group insurance contracts concluded for the benefit of employees or persons working under the civil-law contracts and their family members as well as contracts concluded for the benefit of members of associations, professional self-governments or trade unions."

⁷ According to Act of 11 of September 2015 on Insurance and Reinsurance Business, article 23.7, the provisions shall not apply to the insurance contract, in which the guaranteed sum for death of the insured from any reason exceeds the tenfold amount of annual premium due under such contract in each of the first 5 years of insurance cover.

25. Portugal

Figure 25.1: General Market Data(2016)

General data of the national market	Amounts	Share total EEA
Population (in 1000)	10,310	1.99%
Insurance GWP	€ 10,355,466,491.53	0.84%
Number of (re)insurance undertakings	43	1.38%
Number of insurance intermediaries	21,413	2.10%

Source: Eurostat, EIOPA

In Portugal, insurance intermediaries are supervised by the Autoridade de Supervisão de Seguros e Fundos de Pensões (Portuguese NCA)

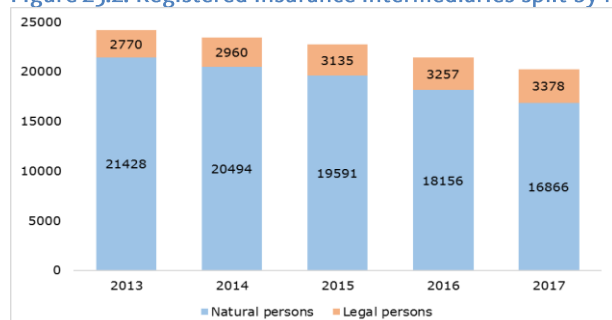
Under its supervisory activity, the Portuguese NCA is empowered to:

- (i) Verify the technical, financial, and legal compliance of the activities performed by insurance intermediaries;
- (ii) Verify the conditions and technical quality of professional trainings;
- (iii) Obtain detailed information on insurance intermediaries, notably by collecting data, requiring documents on the exercise of mediation activities or conducting on-site inspections;
- (iv) Adopt – with regard to insurance intermediaries, their shareholders or members of the management board – all adequate and necessary measures to ensure that their activities comply with legal and regulatory requirements and to prevent or eliminate any risks to policyholders', beneficiaries' and undertakings interests;
- (v) Ensure the effective applicability of the aforementioned measures (including by resorting to courts);
- (vi) Define accounting rules applicable to insurance mediation; and
- (vii) Issue instructions and recommendations aimed at correcting irregularities and preventing risks.

Number and categories of registered insurance intermediaries

As presented in Figure 25.2 below, the number of registered intermediaries has been decreasing. This decrease mainly concerns natural persons' intermediaries; in fact the number of insurance intermediaries registered as legal persons has increased over the entire reporting period both in absolute and relative terms.

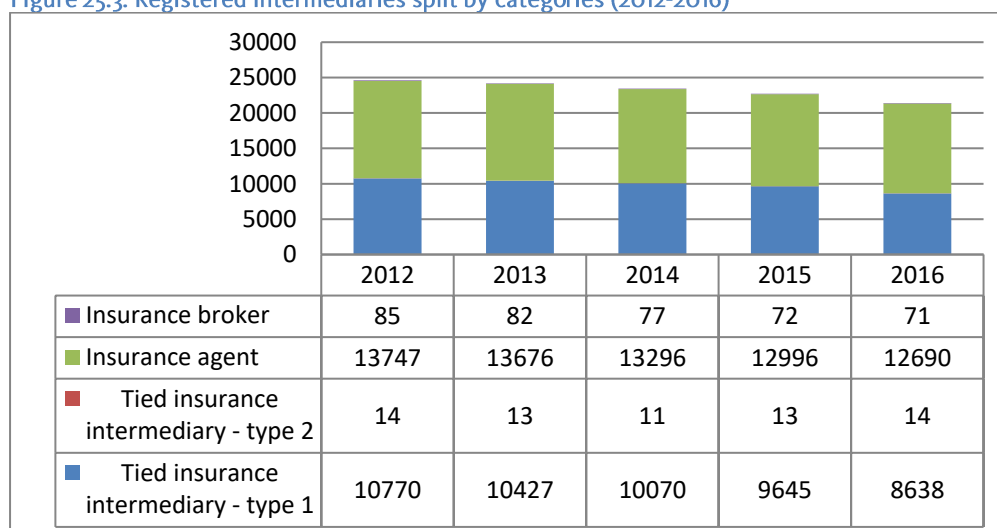
Figure 25.2: Registered insurance intermediaries split by natural and legal persons



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Despite the decrease, the majority of the insurance intermediaries registered in Portugal are natural persons (over 80%).

Figure 25.3: Registered intermediaries split by categories (2012-2016)



Source: EIOPA Committee on Consumer Protection and Financial Innovation

In PT the legislation applicable to insurance mediation activities establishes three different insurance intermediaries' categories: brokers, agents and tied insurance intermediaries.

Tied insurance intermediaries may:

- Carry out insurance mediation activities in the name and on the behalf of an insurance undertaking or, with the authorization of the latter. They can also do so on behalf of several insurance undertakings, as long as the promoted products are not competing (for ease of reference 'tied insurance intermediaries type 1');
- Carry out insurance mediation activities in addition to their principal professional activity, whenever the insurance is complementary to the goods or services provided in connection with that main activity and acting under the full responsibility of one or more insurance undertaking, in relation to the mediation of the respective products (for ease of reference 'tied insurance intermediaries type 2').

On the other hand, agents carry out the activity of insurance mediation in the name and on the behalf of one or more insurance undertaking or other insurance intermediaries under the terms of the contract(s) concluded with those entities.

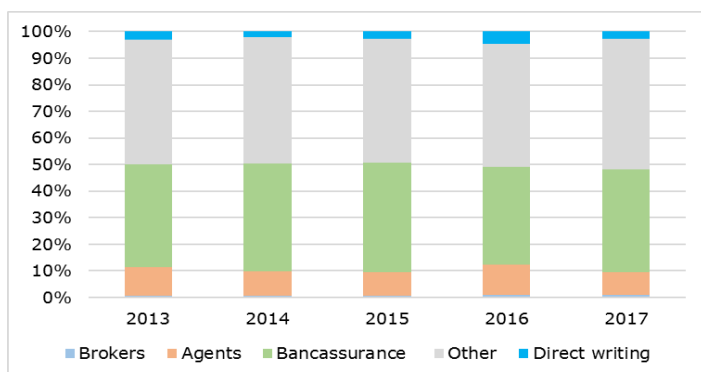
Finally, brokers carry out the activity of insurance mediation representing customers and their interests.

As shown in Figure 25.3 above, the majority of the insurance intermediaries are registered as agents (approximately 60%) and tied insurance intermediaries (type 1) (approximately 40%). Between 2012 and 2016, the number of brokers, agents and tied insurance intermediaries (type 1) slightly decreased (respectively 16%, 8% and 20%) while the number of tied insurance intermediaries (type 2) remained stable.

Distribution channels

In terms of GWP, tied insurance intermediaries (bancassurance other category in the Figures below) are the main distribution channel in the Portuguese insurance market, followed by agents, brokers, and direct business.

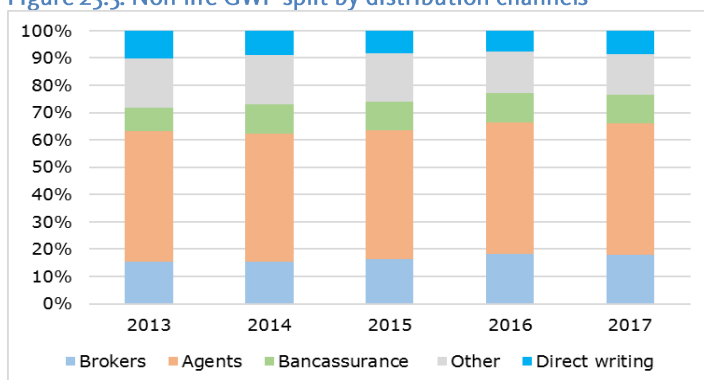
Figure 25.4: Life insurance GWP split by distribution channels



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The distribution of life insurance products by tied insurance intermediaries (others + bancassurance category) amount to over 70% of total life GWP. #

Figure 25.5: Non-life GWP split by distribution channels

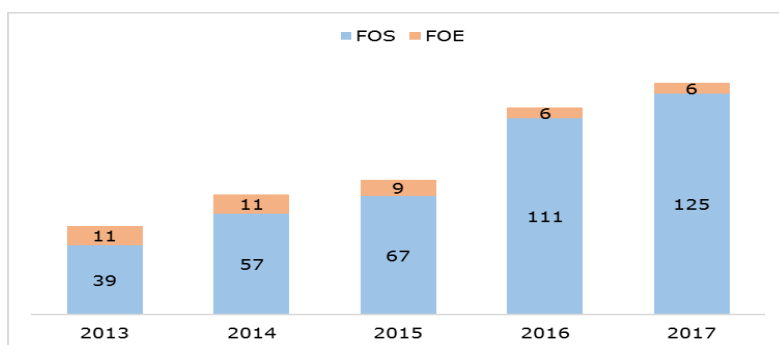


Source: EIOPA Committee on Consumer Protection and Financial Innovation

On the other hand, non-life insurance products are mainly distributed by agents.

Cross border business

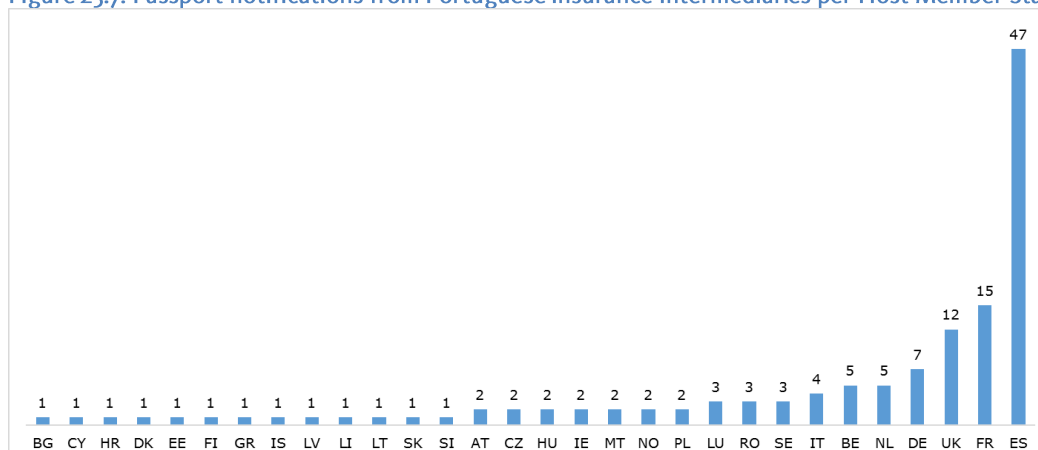
Figure 25.6: Domestic insurance intermediaries with a passport to operate in another Member State



Source: EIOPA Committee on Consumer Protection and Financial Innovation

For what concerns cross-border activities carried by out by Portuguese insurance intermediaries, the number of FoS notifications increased throughout the entire reporting while the number of FoE notifications decreased.

Figure 25.7: Passport notifications from Portuguese insurance intermediaries per Host Member State in 2017



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Most notifications to carry out cross border business concern passporting into ES.

Remuneration models

Most Portuguese insurance intermediaries are paid via commissions from the insurance undertakings.

26. Romania

Figure 26.1: General Market Data (2016)

General data of the national market	Amounts	Share total EEA
Population (in 1000)	19,638	3.80%
Insurance GWP	€ 1,951,079,843.16	0.16%
Number of (re)insurance undertakings	31	1.00%

Source: Eurostat, EIOPA

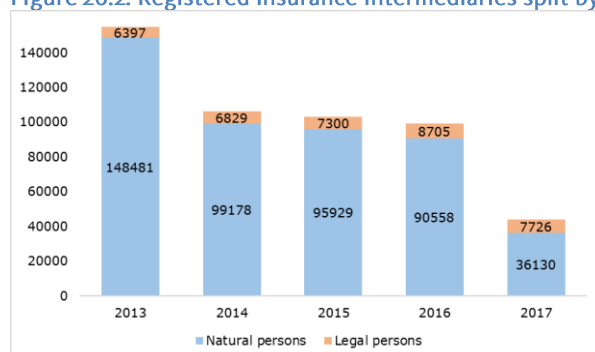
Intermediaries operating in RO can be either:

- Directly registered by insurance undertakings in the registry operated by the NCA.
- Authorized and registered directly by the NCA. This registration type concerns insurance brokers.

Number and categories of registered insurance intermediaries

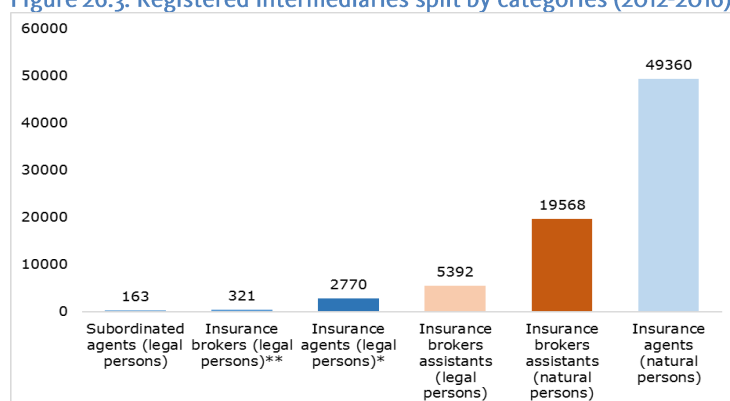
The number of registered insurance intermediaries has been decreasing over the entire reporting period. A sharp decrease was registered between 2016 and 2017 because of the liquidation of 3 insurance undertakings which resulted in a significant decline in the number of registered agents.

Figure 26.2: Registered insurance intermediaries split by natural and legal persons



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Figure 26.3: Registered intermediaries split by categories (2012-2016)



* Insurance Agents (legal persons): 2,770 – of which personnel employed: 414

** Insurance brokers (legal persons): 321 – of which personnel employed: 1,820

Source: EIOPA Committee on Consumer Protection and Financial Innovation

Life insurance policies are mainly intermediated by insurance agents.

Remuneration models

The Romanian insurance market is mainly commission based but some insurance brokers accept fees from their customers. Brokers are not allowed to perform revenue generating activities other than insurance mediation.

27. Slovakia

Figure 27.1: General Market Data (2016)

General data of the national market	Amounts	Share total EEA
Population (in 1000)	5,435	1.05%
Insurance GWP	€ 1,966,667,088.93	0.16%
Number of (re)insurance undertakings	15	0.48%
Number of insurance intermediaries	26,980	2.64%

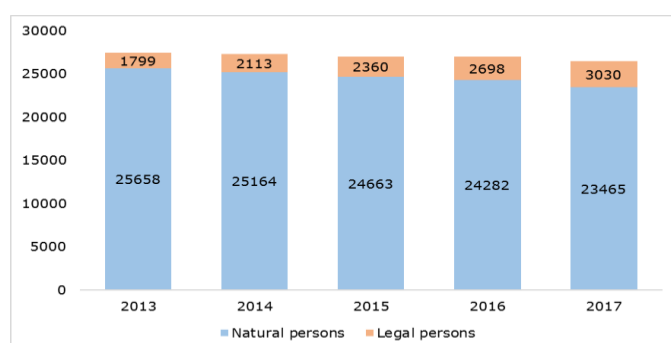
Source: Eurostat, EIOPA

Intermediaries are supervised by the Slovak NCA, which monitors observance of regulatory requirements, including licensing and registration requirements.

The NCA, depending on the seriousness, extent, duration, consequences, and nature of the deficiencies identified, may impose on independent financial agents or the financial advisers measures to remedy the ascertained deficiencies. It may also impose penalties as well as restrict or suspend independent financial agents or financial advisers.

Number and categories of registered insurance intermediaries

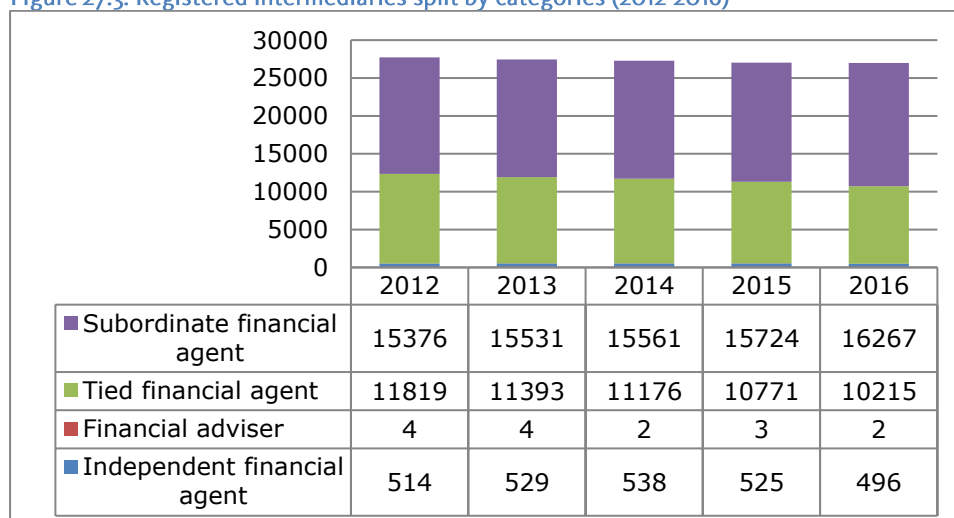
Figure 27.2: Registered insurance intermediaries split by natural and legal persons



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The number of registered intermediaries has not seen significant changes over the entire reporting period and intermediaries registered as natural persons are significantly prevalent.

Figure 27.3: Registered intermediaries split by categories (2012-2016)



Source: EIOPA Committee on Consumer Protection and Financial Innovation

In terms of registration the majority of intermediaries are subordinated financial agents, followed by tied financial agents and subordinate financial agents.

Independent financial agents pursue intermediation activities based on a written contract concluded with a financial institution.

Tied financial agents perform intermediation activities based on a written contract concluded with a financial institution (one institution per sector is allowed).

Subordinated financial agents offer financial intermediation services on the basis of a written contract signed with an independent financial agent.

Financial advisers provide financial advice based on a written contract for the provision of financial advice concluded with a customer.

28. Slovenia

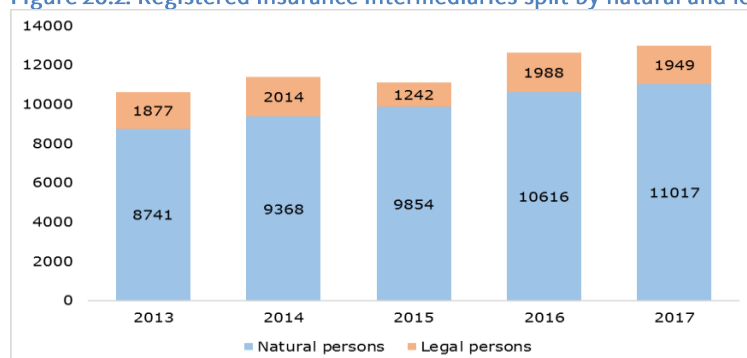
Figure 28.1: General Market Data (2016)

General data of the national market	Amounts	Share total EEA
Population (in 1000)	2,066	0.40%
Insurance GWP	€ 1,942,245,962.81	0.16%
Number of (re)insurance undertakings	16	0.51%
Number of insurance intermediaries	946	0.09%

Source: Eurostat, EIOPA

Number and categories of registered insurance intermediaries

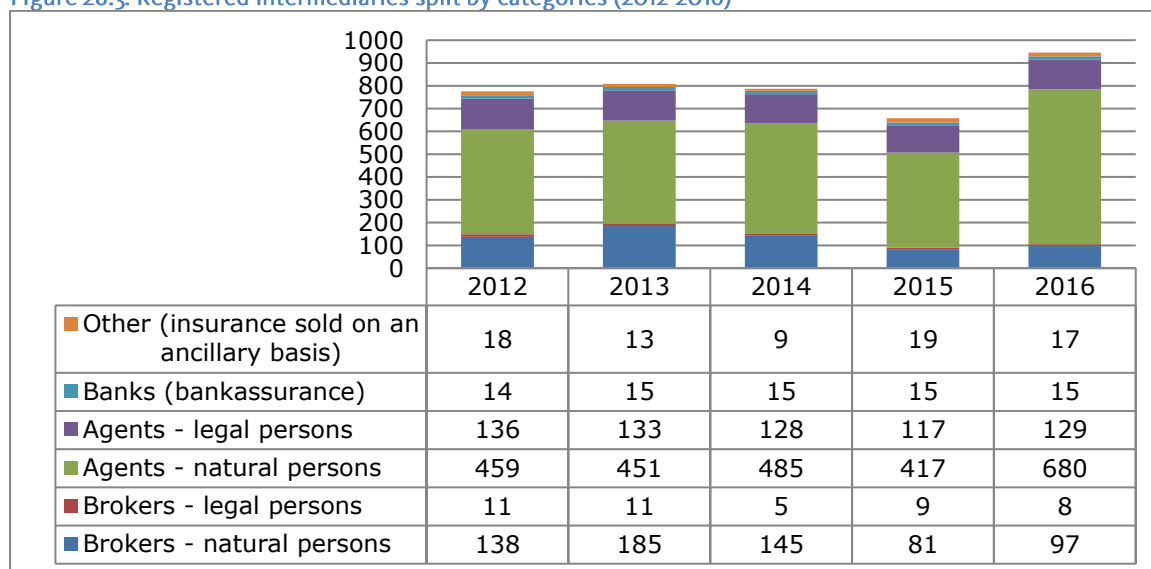
Figure 28.2: Registered insurance intermediaries split by natural and legal persons



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The number of legal persons registered as insurance intermediaries in SI remained stable over the reporting period (Figure 28.2), while the number of insurance intermediaries registered as natural persons increased.

Figure 28.3: Registered intermediaries split by categories (2012-2016)



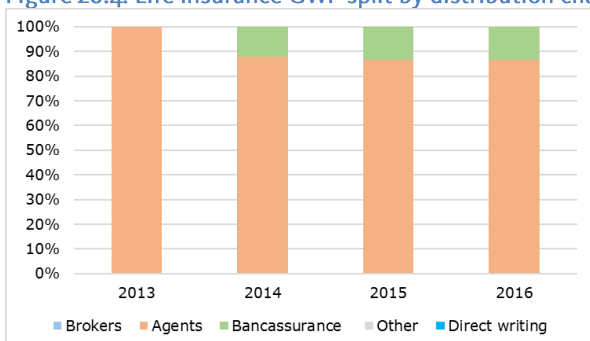
Source: EIOPA Committee on Consumer Protection and Financial Innovation

For what concerns the split per categories, intermediaries can be registered into 6 different categories (Figure 28.3).

Distribution channels

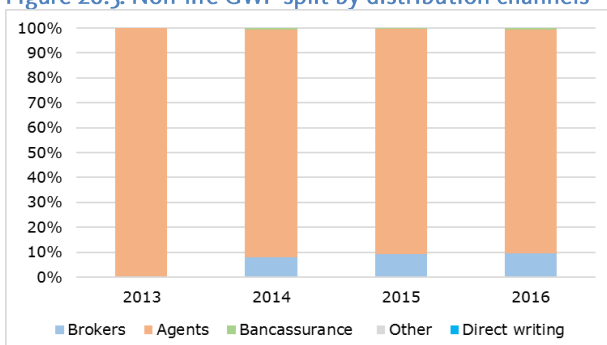
In terms of GWP, The predominant distribution channels in SI are agents (Figures 28.4 and 28.5) both for life and non-life insurance.

Figure 28.4: Life insurance GWP split by distribution channels



Source: EIOPA Committee on Consumer Protection and Financial Innovation

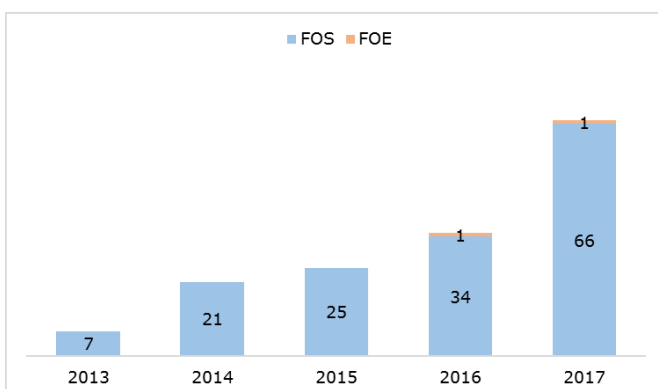
Figure 28.5: Non-life GWP split by distribution channels



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Cross border business

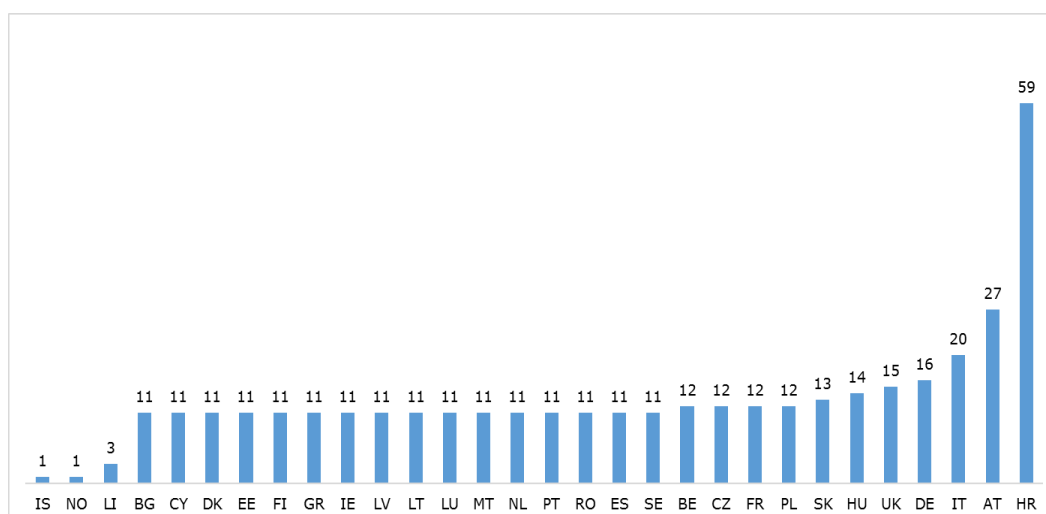
Figure 28.6: Domestic insurance intermediaries with a passport to operate in another Member State



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The number of Slovenian insurance intermediaries having notified their home competent authority of their intention to operate on a cross-border basis has been growing. This particularly refers to those acting on a FoS basis as only one intermediary established a branch in another Member States (Figure 28.6).

Figure 28.7: Passport notifications from Slovenian insurance intermediaries per Host Member State in 2017



Source: EIOPA Committee on Consumer Protection and Financial Innovation

A significant number of notifications concern passporting into neighbouring HR.

29. Spain

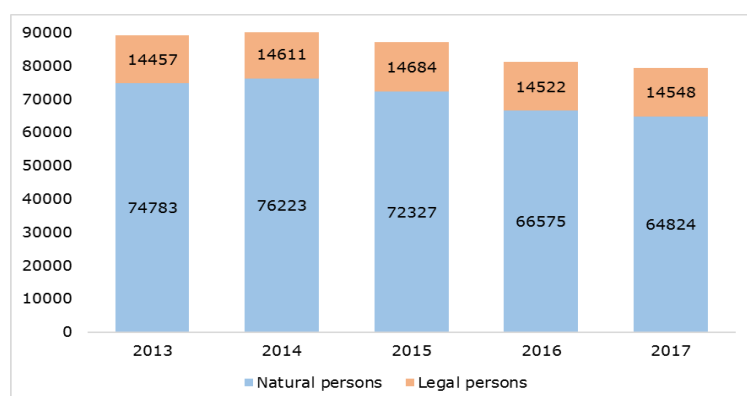
Figure 29.1: General Market Data (2016)

General data of the national market	Amounts	Share total EEA
Population (in 1000)	46,529	9.1%
Insurance GWP	€ 61,300,057,981.26	5.0%
Number of (re)insurance undertakings	229	7.2%
Number of insurance intermediaries	81,097	7.9%

Source: Eurostat, EIOPA

Number and categories of registered insurance intermediaries

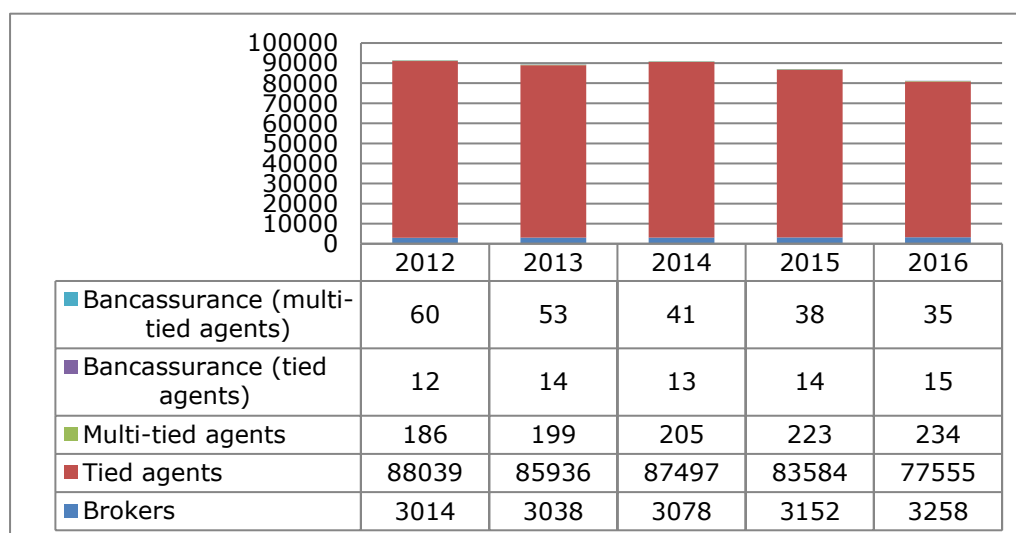
Figure 29.2: Registered insurance intermediaries split by natural and legal persons



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The number of insurance intermediaries registered as natural persons has declined in ES over the last 5 years, whereas the number of legal persons has remained relatively stable (Figure 29.2).

Figure 29.3: Registered insurance intermediaries split by categories (2012-2016)



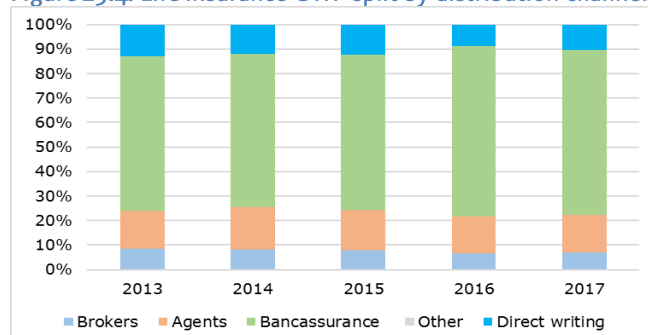
Source: EIOPA Committee on Consumer Protection and Financial Innovation

In terms of registration numbers, tied agents are the predominant intermediary category, with brokers and bancassurance representing a small proportion of the market (Figure 29.3).

Distribution channels

Of course, registration numbers often do not relate to the role that intermediaries play in selling products as banks and brokers often have a large customer base/employees network. In fact, over 40% of total GWP concerns bancassurance.

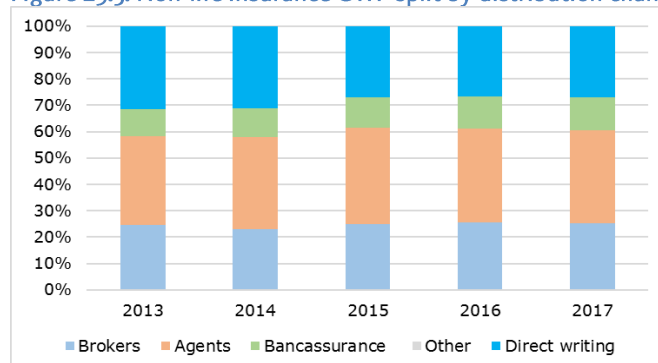
Figure 29.4: Life insurance GWP split by distribution channels



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Bancassurance is the predominant channel for the distribution of life insurance policies in ES (with nearly 70% market share) (Figure 29.4).

Figure 29.5: Non-life insurance GWP split by distribution channels

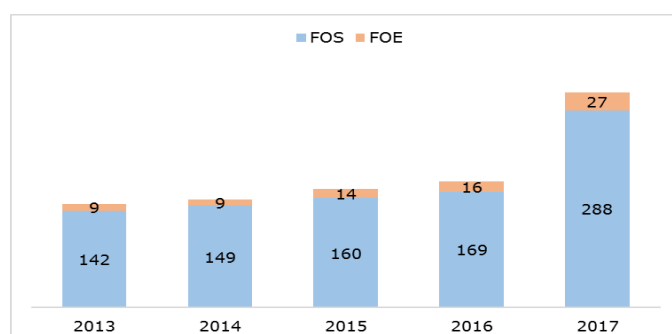


Source: EIOPA Committee on Consumer Protection and Financial Innovation

With regards to the distribution of non-life insurance policies, the role which different channels play is much more evenly split, with agents being slightly dominant.

Cross border business

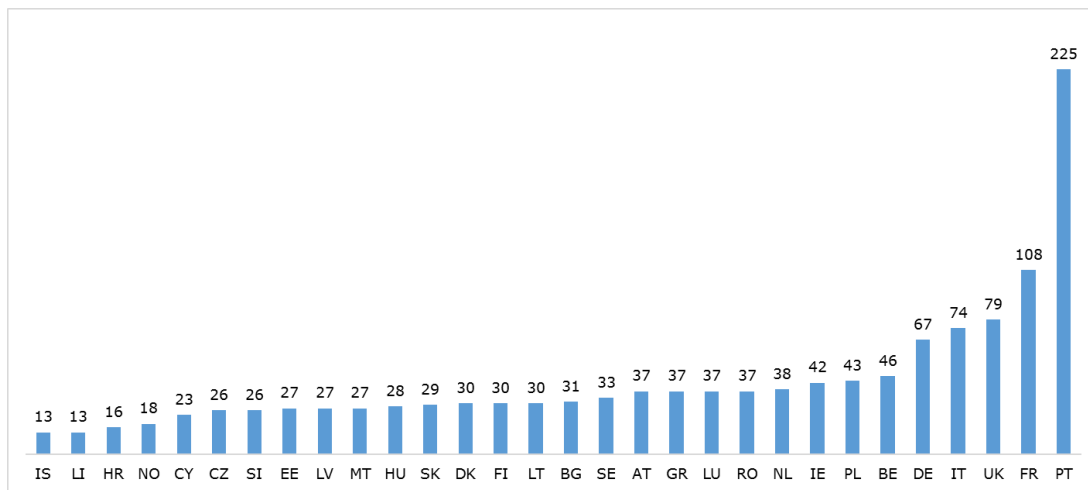
Figure 29.6: Domestic insurance intermediaries with a passport to operate in another Member State



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The number of notifications to carry out cross border business has grown significantly both in terms of FoE and FoS.

Figure 29.7: Passport notifications for Spanish insurance intermediaries per Host Member State in 2017



Source: EIOPA Committee on Consumer Protection and Financial Innovation

A significant number of intermediaries' notifications concern passporting in neighbouring PT. A large number of notifications also concern passporting in FR, UK and IT (Figure 29.7).

30. Sweden

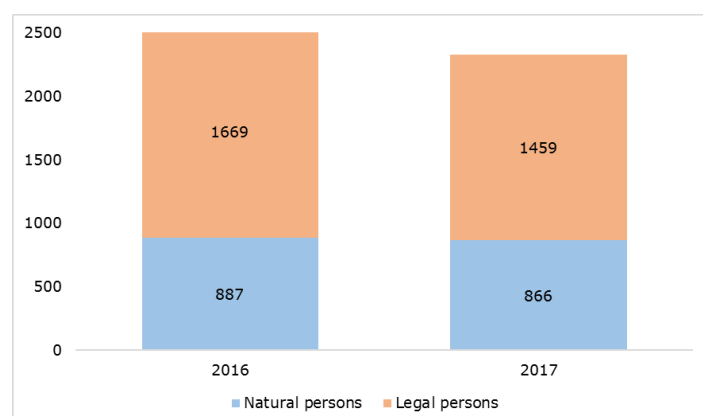
Figure 30.1: General Market Data (2016)

General data of the national market	Amounts	Share total EEA
Population (in 1000)	9,995	1.93%
Insurance GWP	€ 20,596,137,647.86	1.66%
Number of (re)insurance undertakings	140	4.50%
Number of insurance intermediaries	2,556	0.25%

Source: Eurostat, EIOPA

Number and categories of registered insurance intermediaries

Figure 30.2: Registered insurance intermediaries split by natural and legal persons

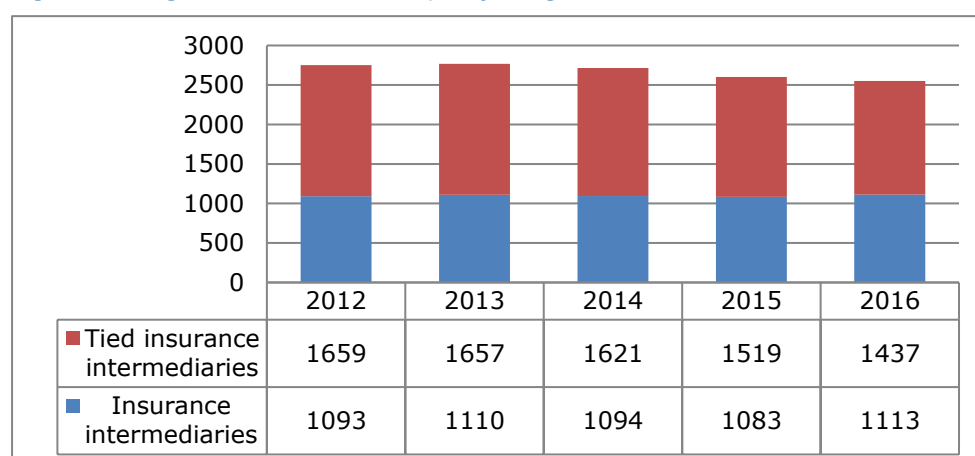


Source: EIOPA Committee on Consumer Protection and Financial Innovation

The market for insurance mediation in SE consists of a large number of very small intermediaries, both legal and natural persons. Besides this, there are a few large intermediation companies with many employees. These firms are insurance intermediaries themselves but are also often part of a larger group. These large firms have significant shares in the occupational pension sector, as administrators, advisers and asset managers.

To compete against dominant players, some smaller intermediaries have begun cooperating, often using the same brand name.

Figure 30.3: Registered intermediaries split by categories (2012-2016)



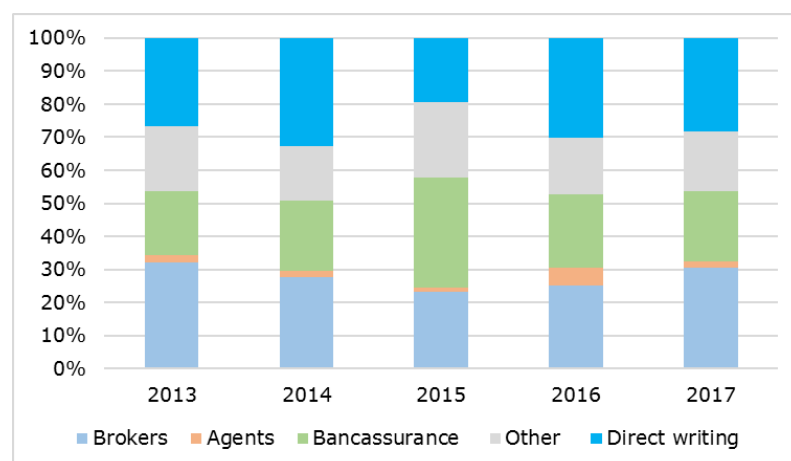
Source: EIOPA Committee on Consumer Protection and Financial Innovation

There are two types of intermediaries operating in SE: tied insurance intermediaries and insurance intermediaries.

Distribution channels

For life insurance, the industry organisation – Insurance Sweden – collects yearly data on distribution channels. The data refers to new premiums, both annual and single premiums. The reason that category ‘other insurance intermediaries’ accounts for such a significant share is that occupational pension policies are included under this category and are mainly distributed by intermediaries not falling within the 4 per-identified categories.

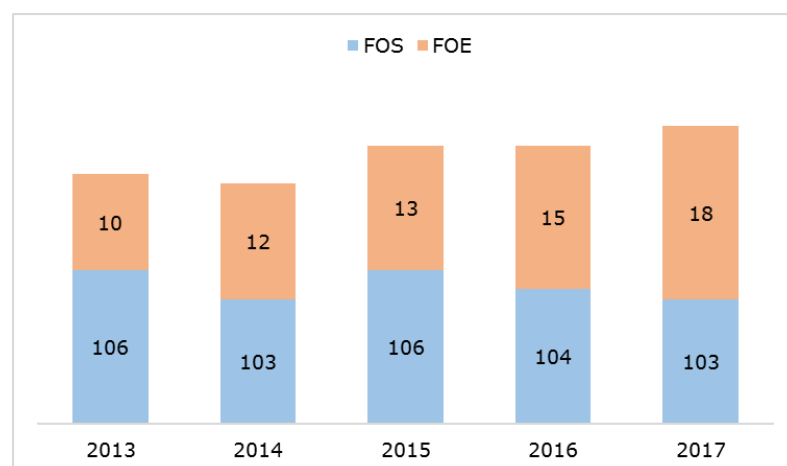
Figure 30.4: Life insurance GWP split by distribution channels



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Cross border business

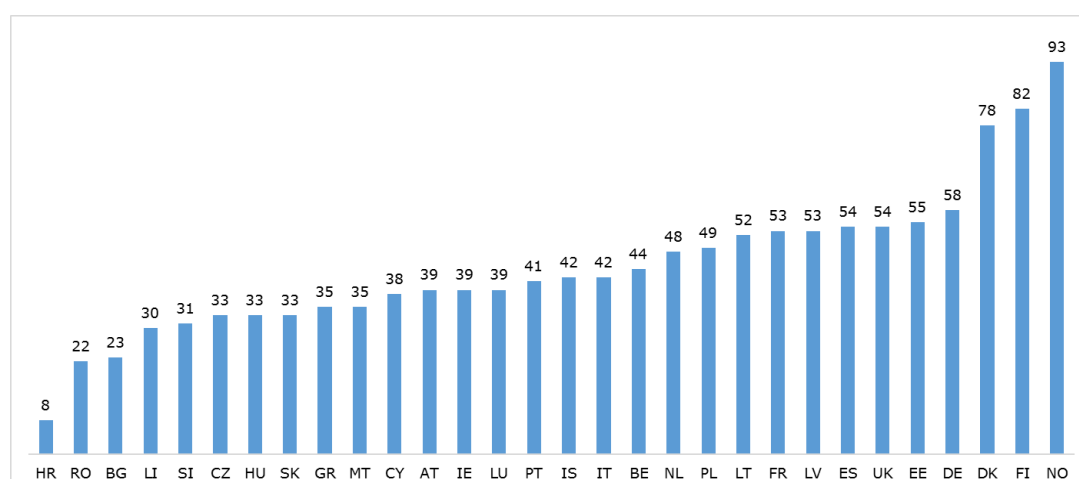
Figure 30.5 Domestic insurance intermediaries with a passport to operate in another Member State



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The number of Swedish insurance intermediaries having notified their home competent authority of their intention to operate on a cross-border basis has remained rather stable across the entire reporting period (Figure 30.5).

Figure 30.6: Passport notifications from Swedish insurance intermediaries per Host Member State in 2017



Source: EIOPA Committee on Consumer Protection and Financial Innovation

In terms of countries where intermediaries opt to passport into, most notifications concerned passporting into other Scandinavian markets (Figure 30.6).

Remuneration models

- **New sales commission paid up front:** Remuneration paid in full in close connection to the sale of the insurance;
- **New sales commission paid over a number of years:** Commission for new sales paid out over a number of years. The amount paid might be equal each year or might vary according to different models;
- **Commissions for reoccurring (expected) premiums:** Yearly payment as long as premiums are paid, calculated as an agreed percentage of the (expected) premium.
- **Commission as a percentage of assets under management:** Remuneration consisting of a percentage of the capital under management.

For a number of years, the NCA has called for a ban on commissions in relation to investment advice and insurance mediation. The reason is that the NCA has seen many examples of conflicts of interests that are not properly managed.

In 2014, it carried out a thematic review to map the size of remunerations received by investment firms and insurance intermediaries, divided by different products and lines of business. The review showed, for example that: many intermediaries financed their business almost entirely through commissions; sales of complex products accounted for a large part of commissions' revenues; and a large part of total commission revenues stemmed from so-called up front commissions.

31. United Kingdom

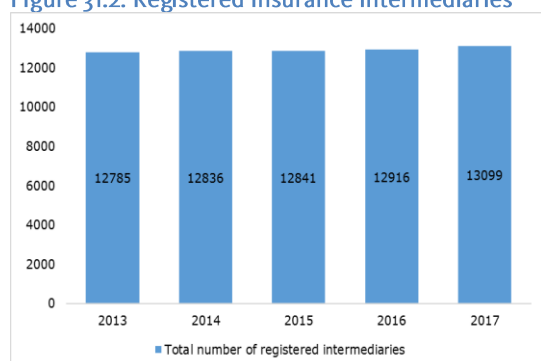
Figure 31.1: General Market Data (2016)

General data of the national market	Amounts	Share total EEA
Population (in 1000)	65,809	12.72%
Insurance GWP	€ 296,052,071,093.80	23.90%
Number of (re)insurance undertakings	453	14.55%
Number of insurance intermediaries	12,693	1.24%

Source: Eurostat, EIOPA

Number and categories of registered insurance intermediaries and distribution channels

Figure 31.2: Registered insurance intermediaries



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The number of registered intermediaries in the UK has slightly grown over the reporting period.

The main sources of competition for insurance brokers and agents are banks, financial advisors and insurers, all of which circumvent agents by selling insurance directly to customers. Brokers and agents also provide risk management consulting and other value-added services to their clients for additional fees. These advisory services are becoming an increasingly important revenue stream.

In both motor and home, the direct channel is seeing a resurgence, driven largely by auto-renewals and lower premiums in recent years. Consumers tend not to seek advice when buying these products.

Advice plays a more significant role in the protection market. Independent advice is the largest distribution channel, accounting for just under half of new mortgage-related term assurance sales and two thirds of other term assurance products. By contrast, 84% of whole life policies are sold through non-advised channels. Restricted (non-independent) advice is another significant channel, particularly in mortgage-related term assurance.

The size of a business and its activities determines its buying patterns and its access to the market. Most commercial insurance is sold through intermediaries. Although the phone remains the most popular way for SMEs to access insurance products, a growing proportion (just over a third in 2015) are choosing to buy online.

Commercial insurance supply chains often involve multiple parties with overlapping boundaries. This complexity may not be apparent to the consumers, whose business may pass through a long chain of intermediaries before it is underwritten.

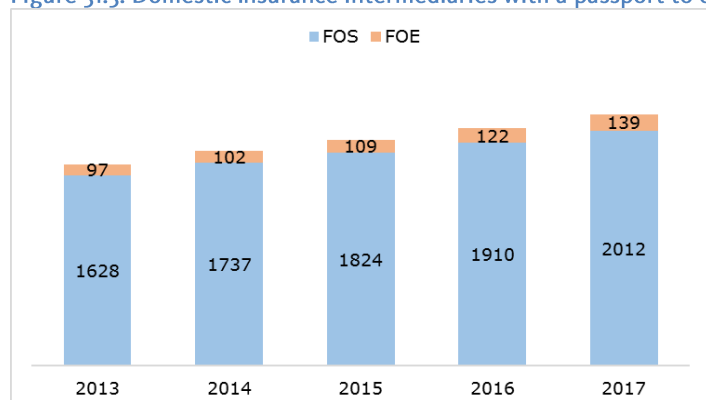
Commercial distribution channels have undergone significant changes in recent years. Insurers have sought to automate the underwriting of more generalised parts of their business, using automatic-rating models, to deliver quotes electronically without the need for human intervention. In some instances, the whole transaction can be completed online.

There has also been innovation from new web-based brokers and direct insurance models aimed primarily at micro-SMEs, and some retail insurers have begun to offer more commercial products, such as commercial van insurance, through price comparison websites.

MGAs are becoming an increasingly important part of the commercial supply chain. Insurers delegate underwriting responsibilities to MGAs in return for a fee and/or profit share. Traditionally, MGAs provided niche products but have recently been set up to offer more generalised products. MGAs are not subject to the same regulatory requirements as insurers.

Cross border business

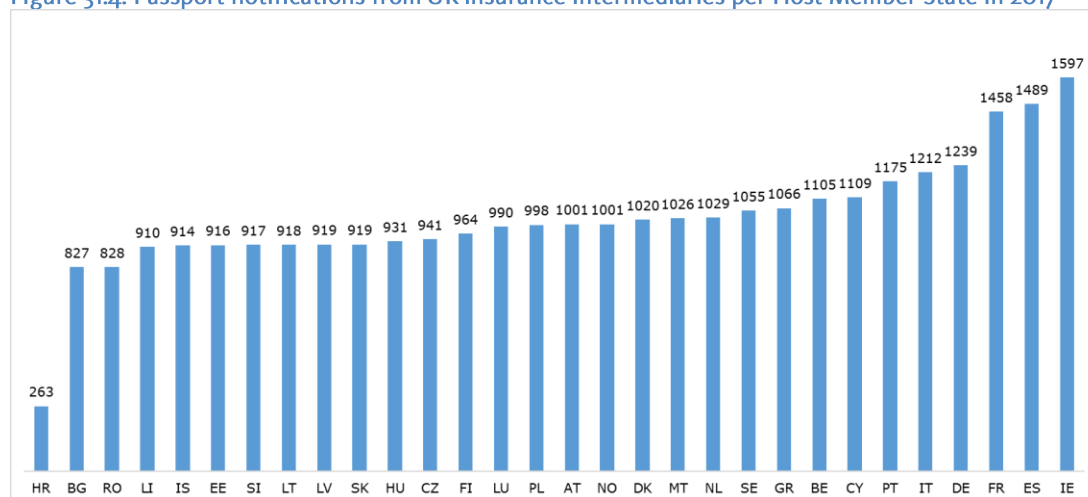
Figure 31.3: Domestic insurance intermediaries with a passport to operate in another Member State



Source: EIOPA Committee on Consumer Protection and Financial Innovation

The number of notification to operate on a cross-border basis is high (vis-à-vis the total number of registered intermediaries) and has increased over the reporting period. Although a significant number of notifications concern passporting into IE as well as into FR and ES; with the exception of HR, there is also a significant number of notifications concerning all other Member States.

Figure 31.4: Passport notifications from UK insurance intermediaries per Host Member State in 2017



Source: EIOPA Committee on Consumer Protection and Financial Innovation

Remuneration models

- **Commissions:** Commission is the main source of remuneration for non-investment insurance mediation business. Commission is the largest revenue source for 9,532 out of 10,235 firms. For 62% (6381) of the firms, insurance mediation revenue was entirely earned from commission.
- **Fees/adviser/consultancy charges:** This is the largest revenue source for 482 out of 10,235 firms.

- **Other:** Applies to 231 out of 10,235 firms.

Remuneration structures can vary markedly, ranging from fees received from consumers for insurance placed on their behalf, to volume to profit share received from insurers.

In the UK a substantial review of distribution practices covering a wide range of financial products (the Retail Distribution Review) took place.⁸ This resulted in the introduction of rules prohibiting any form of remuneration other than charges paid directly by the customer; effectively a ban on commissions. This prohibition applies where a firm gives advice to a retail consumer in relation to retail investment products (which include, among other products, MiFID financial instruments and IBIPs).

There are some exceptions to this 'ban'. These include advice on a bank account or a non-life insurance product. Where commissions are permissible, there are rules and guidance in place requiring firms to only receive commissions where they do not impair the firm's ability to act in accordance with their customer's best interests. A thematic review as part of the Retail Distribution Review post-implementation found material improvements in how firms disclose the cost of their advice, their scope of service, and the nature of their services to clients.

⁸ For more information on the RDR and the outcomes see: [webpage for advisers](#); [adviser factsheet](#); [original consultation paper](#); [post-implementation review](#).

**EUROPEAN INSURANCE AND
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