



Insurance: better information, advice and protection for clients

Committees Committee on Economic and Monetary Affairs
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Buying insurance should be made easier and safer by amendments, voted Wednesday, to a draft update of EU rules on the information and advice offered by insurance salesmen.

MEPs amended the draft rules on sales of life and non-life insurance products and services to introduce similar information requirements and level the playing field between insurance companies and insurance “distributors” (sellers).

Clear information

Before signing a contract, buyers would have to be given standard information on the type of insurance, obligations under the contract, risks insured and excluded, means of payment and premiums, in plain and easily understandable language. Buyers should also be informed of the overall cost of the contract, including advice and service charges. Insurance sellers would have to provide their identity and contact details and disclose any conflict of interest to the customer.

Furthermore, EU member states would require insurance sellers to disclose remuneration, fees, commissions and non-monetary benefits, says the text.

Meeting clients' needs

All insurance distributors should be registered with a competent authority in their home member state. Their sales staff should be well trained to meet the requests and needs of buyers.

All insurance sellers would themselves have to take out insurance contracts to provide cover of at least €1,250,000 against professional negligence claims.

To protect clients against the financial inability of an insurance distributor to pay out a premium or a claim, intermediaries (brokers or sellers) would have to set up a guarantee fund or to have a permanent financial capacity amounting to 4% of the sum of all annual premiums received.

Insurance packages

When an insurance contract is sold with other services or products as a part of a package, clients should be given an opportunity to buy its various components jointly or separately, according to their needs, and receive premium, pricing and risk information for each of the components.

Next steps

Parliament voted on its amendments, but not the underlying legislation as a whole, so as to reaffirm its position while leaving open the possibility of negotiating a first-reading agreement with the Council of Ministers.

Procedure: ordinary legislative procedure, vote on amendments only

Press release

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