

EP backs deal on better information, advice and protection for insurance buyers

Plenary sessions [24-11-2015 - 12:58]

Buying insurance will be made easier and safer following Parliament's vote on Tuesday tightening EU rules on the information and advice provided by insurance sales staff. The current rules on sales of insurance have been amended to introduce similar information and consumer protection requirements for all insurance distribution channels unless they meet the conditions for exemption.

Stepping up Customer protection

Insurance intermediaries should be registered with a competent authority in their home member state. Intermediaries and insurance companies will have to provide their identity, contact details and the register in which they have been included to customers.

Insurance intermediaries will themselves have to take out insurance contracts to provide cover of at least €1.25 million against professional negligence claims applying to each claim and in aggregate €1.85 million per year for all claims.

To protect clients against the financial inability of an insurance intermediary to transfer a premium or a claim between the insurer and the customer, intermediaries will have to take appropriate measures. Such a measure could for example be a permanent financial capacity amounting to 4% of the sum of all annual premiums received but no less than €18,750..

Providing clear information on costs and sales' incentives

Buyers must be informed of the nature of the distributor's remuneration and, for certain complex life insurance products, of the overall cost of the insurance contract including advice and service charges. Insurance distributors will have to disclose any conflict of interest to the customer. Moreover, their remuneration arrangements should not provide incentives to recommend a particular insurance product when a different one would better meet the customer's needs.

Before signing a non-life insurance contract, all buyers must be given a free-of-charge product-information document containing standard information on the type of insurance, obligations under the contract, risks insured and excluded and means of payment and premiums, in clear, plain language. Similar obligations already exist for complex life insurance products.

Exemptions

The rules will not apply, for example, when the insurance is complementary to the supply of goods or services and covers the risk of damage or theft, or when the amount of the premium paid for the insurance product does not exceed €600 per year.

Press release

Next steps

The new rules still need to be officially endorsed by the member states, which will have 24 months to put them into effect.

Facts

- Sales staff of the insurance distributors should be well trained to meet the requests and needs of customers.
- Home member states should be able to effectively control and assess the knowledge and competence of the insurance sales staff, both when starting their business and on a continuous basis.
- Insurance distributors need to accomplish at least 15 hours of continuous professional training per year.

Further information

- Adopted text will be available here (24.11.2015)
: <http://www.europarl.europa.eu/plenary/en/texts-adopted.html>
- Press release after deal with Council (30.06.2015)
: <http://www.europarl.europa.eu/news/en/news-room/content/20150629IPR71842/html/Insurance-better-information-advice-and-protection-for-clients>
- Profile of rapporteur Werner Langen (EPP, DE): <http://www.europarl.europa.eu/meps/en/1928.html>
- Procedure file
: [http://www.europarl.europa.eu/oeil/popups/ficheprocedure.do?reference=2012/0175\(COD\)&l=en](http://www.europarl.europa.eu/oeil/popups/ficheprocedure.do?reference=2012/0175(COD)&l=en)
- EP Research study: Insurance Distribution Directive: Strengthening transparency and consumer protection
: [http://www.europarl.europa.eu/RegData/etudes/ATAG/2015/571337/EPRS_ATA\(2015\)571337_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/ATAG/2015/571337/EPRS_ATA(2015)571337_EN.pdf)

Political groups

- Press release by the EPP group: <http://www.eppgroup.eu/press-release/Insurance-products%3A-transparency-and-choice-for-consumers>
- Press release by the S&D group: <http://www.socialistsanddemocrats.eu/newsroom/sd-euro-mps-welcomed-european-commissions-proposal-insurance-scheme-bank-deposits>
- News pages of the ECR group: <http://ecrgroup.eu/news/>
- News pages of the ALDE group: <http://www.alde.eu/press/press-and-release-news/>
- News pages of the GUE/NGL group: <http://www.guengl.eu/news/archives/category/gue-ngl-news>
- Press release by the Greens/EFA group: <http://www.greens-efa.eu/insurance-sector-14854.html>
- News pages of the EFDD group: <http://www.efddgroup.eu/newsroom/press-releases>

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