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June 2008

10th Meeting of the EIOPC

Agenda item 5 – Insurance Mediation Directive (IMD)

Report by the Commission on the adaptation of certain Euro amounts laid down in the Directive

Article 4(7) of the IMD stipulates that the amounts referred to in paragraphs 3 and 4 of this Article shall be reviewed regularly in order to take account of changes in the European Index of Consumer Prices (EICP) as published by Eurostat. More concretely, Art. 4(3) lays down the minimum amount of the professional indemnity insurance cover (PII requirement) and Art. 4(4) imposes, among other things, an obligation on the insurance intermediary to have a certain level of financial capacity with the aim of ensuring consumer protection. According to the wording of Art. 4(7) first subparagraph of the IMD, the first review shall take place five years after its entry into force and the successive reviews every five years after the previous review date. By virtue of Art. 17 of the IMD, the Directive entered into force on 15 January 2003, meaning that the first review was due on 15 January 2008.

Art. 4(7) second subparagraph foresees an automatic adaptation of the relevant amounts by increasing the base amount in euro by the percentage change in the EICP over the period between the entry into force of the IMD and the first review date or between the last review date and the new review date, the amount being rounded up to the nearest euro. The Commission already expressed its view, based on the legal wording of this particular provision, that this adaptation falls under the responsibility of the Member States.

However, as certain doubts have been raised about the figures in the EICP by the IMEG members of CEIOPS, on the basis of which a correct adaptation of the amounts in question should be conducted, the Commission verified this issue in detail with Eurostat and takes this opportunity to inform the EIOPC members that during the first review period between 15 January 2003 and 15 January 2008 the EICP increased from 94.84 to 106.24. This represents an increase of 12.02%.

As a result, the amounts specified in paragraphs 3 and 4 of Art. 4 of the IMD are to be adapted as follows: the amount of EUR 1000000 becomes EUR 1120200, the amount of EUR 1500000 becomes 1680300 and finally the amount of EUR 15000 becomes EUR 16803.

Questions:

- do the Members of the Committee agree with the revised amounts set out above?
- do the Members of the Committee have other comments to make on the process of adaptation of the amounts laid down in the IMD?