



EUROPEAN COMMISSION

Internal Market and Services DG

FINANCIAL INSTITUTIONS

Insurance and pensions

PUBLIC HEARING ON THE REVISION OF THE INSURANCE

MEDIATION DIRECTIVE (IMD) – FROM IMD1 TO IMD2

SPEECH FOR ELEMER TERTAK

DIRECTOR

Ladies and Gentlemen,

I would like to welcome you to the public hearing on the revision of the Insurance Mediation Directive (IMD). It is great to see so many of you attending. We have representatives from a large number of member states, industry, the European Parliament, CEIOPS, trade bodies, academia, and others. The IMD is clearly of interest to many different groups of stakeholders – it is great to see so many of them represented here.

Before we start, let me make a few practical announcements. As you can see, we are really using all the capacity of this room and will therefore need to minimise distractions. I would therefore ask you to turn off your mobile phones. I would like to draw your attention to a recent change in our programme. Our Commissioner will deliver his keynote address at 4.p.m. Our timing remains unchanged, we expect to finish at quarter to six.

We have a heavy agenda before us, thus there will be only one coffee break in the afternoon and of course also a lunch break. The lunch break will take place from 12.00pm to 2.00pm. The afternoon coffee break will take place from 3.45pm to 4pm.

We have interpretation into several languages today. You can speak in and listen into French, English, German, Italian and Spanish. It would be very helpful if you could speak slowly in order to help our

interpreters. This is especially important considering the technical nature of our topic.

Ladies and Gentlemen,

Let me now say a few words about the background, our aims, process and timetable for drafting the new legislation.

The purpose of today's public hearing is to give you an opportunity to discuss outstanding issues related to the distribution of insurance products. Consultation and transparency are key elements of our legislative process, and it is important for us to receive your feedback and views.

This public hearing is part of a formal consultation process which should help us to draft IMD2. As you may be aware of, a public consultation was launched 2 weeks ago on IMD2. The responses to this consultation will feed into the preparation of the Commission's proposal for the review of the IMD in late 2011. The deadline for responses is 31 January 2011. Let me encourage you to submit your contribution to the consultation.

We plan to table a new proposal in late 2011. It will then be for the co-legislator the European Parliament and the Council, to consider it in depth and to take a final decision. I am therefore very pleased that Ms Sharon Bowles MEP, Chair of ECON, will take the floor later on.

Recital 139 of Solvency II Directive requires the Commission to put forward as soon as possible a proposal for the revision of the IMD. The European Parliament suggested that the Commission should in this process take into account the consequences of the Solvency II Directive for policy holders. Sharon Bowles might comment on this in a moment.

Our priorities with the revision of the Insurance Mediation Directive are to enhance the rights of consumers and to facilitate cross-border provision of insurance mediation services. Alongside this, we need to align the IMD revision with the ongoing work of the Commission on Packaged Retail Investment Products (PRIPs) and the planned revision of the Markets in Financial Instruments Directive (MiFID).

We aim to improve transparency and to establish a level playing field between the sale of insurance products through insurance intermediaries and direct sale by insurance undertakings. For instance, we suggest that both distribution channels should have to comply with similar information requirements. In our work, we will take into consideration the boundaries as well as differences

between investments packaged as life insurance policies (insurance PRIPs) and the remaining categories of insurance products (traditional or classical insurance policies).

Therefore, the revision of the IMD will consist of two parts:

- 1) the revision of the IMD provisions reflecting the outcome of the implementation check conducted by the Commission and
- 2) the introduction of MiFID-inspired conduct of business and conflicts of interests rules for the sale of investments packaged as life insurance policies (insurance PRIPs).

I would like to specifically mention CEIOPS involvement in the revision of the Directive. At our request CEIOPS delivered its advice on 10th November. I would like to take this opportunity to thank the members of CEIOPS, the Chair of the Working Group, Mr. Victor Rod, as well as the Secretariat for the excellent work delivered after complex and challenging discussions. I am grateful for the commitment of the experts of CEIOPS, who have been actively involved in the drafting of the advice for this important exercise. The Commission will use CEIOPS advice extensively in drafting the new proposal on IMD 2.

(At this stage I just would like to recall that it is now only a matter of weeks before CEIOPS will be transformed into the new Authority, EIOPA.)

So much about the background. And now let us turn back to our event.

The format of today is to have three panels chaired respectively by Mr. Victor Rod (CEO and President of the Insurance Commission of Luxembourg) and my colleagues (Karel and Ulf) from the Commission. We have panellists representing insurance intermediaries, insurers, trade bodies, academia, national supervisors, consumer associations. I would like to take this opportunity to thank our panellists for their time. Their expertise in insurance and on the IMD is invaluable, and we are fortunate that they are able to attend today. Our first panel will give an overview of the new face of insurance intermediation and insurance distribution. It will address the issue how to achieve a better level playing field in a more integrated market with optimal consumer protection. The second panel will look at key aspects of information requirements, transparency and potential conflicts of interest. The third panel will deal with the regulation of sales of PRIPs insurance products within IMD2.

After a short introduction from each of the speakers, the floor will be opened to questions. The combined knowledge and expertise of the panellists should ensure that there will not be questions that cannot be answered. I therefore encourage you to ask questions! I hope that you will have a productive and informative public hearing.

I invite now the honourable MEP Ms Sharon Bowles, chairperson of the ECON Committee, to deliver us her opening keynote speech.

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