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The Council Reaches Agreement on IMD2 - But What Are the Practical Implications?

Brussels – 7 November 2014 – On 5 November, the Permanent Representatives Committee reached an agreement on a common position on the update of the Insurance Mediation Directive (IMD2) on behalf of the Council.

Eurofinas, the voice of consumer credit providers at European level, welcomes that negotiations can now commence with the European Parliament and that the Council has maintained the differentiated approach between the different distribution channels originally proposed by the European Commission, providing for alternative provisions for ancillary insurance intermediaries.

This differentiated approach is supposed to offer ancillary insurance intermediaries a regulatory framework, which is well balanced considering their core activity as well as the cost, risk and simplicity of the products they distribute.

However, Eurofinas' Director General T. van de Werve warned that the measures may prove to be of limited use in practice.

“The Council has agreed to a solution that should subject ancillary insurance intermediaries to a proportionate framework. However, the requirements to qualify as an ancillary insurance intermediary are so rigid that the measures agreed upon may not serve the intended purposes. A one-size-fits-all approach would be detrimental to the offering of affordable and commonly used insurance products that consumers use and value.”

The Proposal for a new Insurance Mediation Directive was presented by the European Commission back in July 2012 and, once adopted is to replace the current Insurance Mediation Directive dating back to 2002. A review of the latter had shown that the Directive had been inconsistently transposed across the Member States and that the European insurance markets had remained fragmented.

“It is unfortunate that the Council’s position would allow the Member States so many possibilities to deviate from the Directive. This has surely helped to strike an agreement between the Member States, but will likely not correct the situation the Proposed Directive was to resolve” added van de Werve.

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Note to editor

On 3 July 2012, the European Commission adopted for a revision of the Insurance Mediation Directive (IMD 2) The Directive replaces the current Directive 2002/92/EC and is of a minimum harmonisation character, allowing the Member States to apply stricter provisions. With its Proposal, the European Commission wanted to achieve greater consistency between the Member States, and consumer protection in the insurance sector through the creation of common standards across insurance sales and ensuring a strengthened protection for policyholders.

Before the new Directive can come into force, it must first be adopted by the European Parliament and the Council. Trilogue negotiations between the EU Institutions can now commence.

About Eurofinas

Eurofinas, the European Federation of Finance House Associations, is the voice of the specialised consumer credit providers in the EU. As a Federation, Eurofinas brings together associations throughout Europe that represent finance houses, specialised banks, captive finance companies of car, equipment, etc. manufacturers and universal banks. The scope of products covered by Eurofinas members includes all forms of consumer credit products such as personal loans, linked credit, credit cards and store cards. Consumer credit facilitates access to assets and services as diverse as cars, studies, furniture, electronic appliances, etc. Eurofinas members financed almost 322 billion euro worth of new loans during 2013 with outstandings reaching 828 billion euros at the end of the year.

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