

# Insurance Distribution Directive (IDD)

Insurance and Pensions Unit  
Directorate-General Financial Stability,  
Financial Services and Capital Market Union

*These slides accompany the explanation of the acquis to Albania and North Macedonia and can only be used for that purpose. Their content is subject to further development of the acquis and interpretation by the Court of Justice of the European Union*

# **Directive (EU) 2016/97 on insurance distribution**

**Date of adoption: 20 January 2016**

**Transposition date: 1 July 2018**

# Overview

- General objectives of the Directive
- Key standards
- Information requirements and conduct of business rules

## Key standards

- Registration requirements
- Cross-border distribution (FoS, FoE)
- Professional and organisational requirements: continuing professional training
- Information requirements and conduct of business
- Product oversight and governance (POG)
- Additional requirements for insurance-based investment products
- Sanctions

## General objectives of the Directive

- Insurance mediation → insurance distribution  
Level playing field for **all distribution channels**  
including direct distribution/web distribution
- Improved **consumer protection**  
Better information: demands and needs test, IPID  
More transparency
- Easier **cross-border distribution**
- **Insurance-based investment products:**  
alignment with MiFID II
- Sanctions

# Information requirements and conduct of business rules

- **Article 17: General principle**
- **Article 20: Advice**
  - Demands and needs test
  - IPID
- **Article 22: Exemptions, flexibility clause**

# Article 17: General principle

## **17(1) Principle**

- *Honestly*
- *fairly*
- *professionally*
- *in accordance with the best interests of the customer*

## **17(3) Remuneration**

- *No conflict with duty under 17(1)*
- *No incentives to recommend a product that is not best suited to customer's needs*

## Advice: Demands and needs test

- Specify, on the basis of information obtained from the customer. the **demands** and **needs** of that customer
- Provide **objective information** about insurance product **in a comprehensible form** to allow **an informed decision**
- Where advice is given: **personalised recommendation** of a **particular product**
- Advice on basis of a fair and personal analysis: sufficiently large number of products



## Advice: the IPID

- *Only **non-life insurance products***
- ***Standardised document** defined by Implementing Regulation*
  - **short and stand-alone**
  - **clear and easy to read**
  - **accurate and not misleading**
  - **standardised information set out by the Directive**

## Article 22: Exemptions/Flexibility

### ***Exemptions***

- *Insurance of large risks (as defined in Solvency II)*
- *Professional clients as defined in MiFID II*

### ***Flexibility***

- *Article 22(2)(3): stricter rules by MS*
  - **mandatory advice**
  - **remuneration rules**
- *Territorial protection clause*

***European Commission***  
*Directorate General Financial Stability,  
Financial Services, and Capital Markets Union  
Unit D4 "Insurance and Pensions"  
1049 Brussels, Belgium*

web: <http://ec.europa.eu/finance>