

## Consumers set to benefit from new EU insurance laws

Written by Jon Benton on 2 July 2015 in News  
News

The EU has reached a deal on new rules aimed at preventing the miss-selling of insurance products and services.



The deal, agreed by the European parliament, commission and council on Wednesday, calls for EU-wide 'standard information sheets' which will explain to consumers the risk, type and scope of insurance products being offered as well as the terms and duration of any contracts.

The hope is that this will curb so-called tying practices (the selling of one product or service as a mandatory addition to the purchase of a different product or service).

The revised insurance mediation directive (IMD II) will also demand that insurance agents register in their home country and meet a set of standard qualifications to operate. Additionally, all of their commission bonus figures must be made publically available to the consumer.

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Parliament's rapporteur on the directive, Werner Langen welcomed the decision saying, "This is good news for the single market of insurance products".

The Progressive Alliance of Socialists and Democrats (S&D) group deputy added, "The new rules provide more transparency for consumers and guarantee a high level of consulting service...so that consumers can compare and profit from more competition in the market, also cross-border".

Responding to concerns over commission payments for agents, Langen said that there would be "no EU-wide ban on bonuses for insurance mediators, but that the bonuses must be transparent".

The Greens/European Free Alliance (Greens/EFA) group shadow rapporteur Sven Giegold also welcomed the compromise deal between the three EU institutions saying, the agreement will, "give users of insurance products much better consumer rights across the EU. Insurance companies will now have to systematically take consumers' needs into account right from the start of a product's development".

However, Giegold felt that, although the deal, which took two years to conclude, had gone "much further than the commission proposal...it does not provide the desired level of transparency on the insurance business as a whole", suggesting that this could well be a lost opportunity to open up the industry.

The shadow rapporteur was particularly concerned that "while there are already transparency rules in place for investment funds and other investment products, they should also apply to potentially competing investment products."

Giegold also said Langen was "much less keen on a level playing field" for investment funds and products. Shortcomings aside, Giegold conceded, "The new rules clearly strengthen consumer protection".

If passed during parliament's plenary in September, the new directive will enter into force in mid-2017.

## About the author

Jon Benton is an editorial assistant and journalist at the Parliament Magazine.

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