

Country-by-country analysis - Belgium

Annex IX to the Report on the application of the
Insurance Distribution Directive (IDD)

Consumer Protection Department
EIOPA REGULAR USE
EIOPA-BoS-21/584
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eioipa

European Insurance and
Occupational Pensions Authority

Note:

Powers of national competent authorities (NCAs):

In January 2021, EIOPA launched an online survey addressed to NCAs to gather input as to whether they are sufficiently empowered to carry out their tasks. The following information is based on the response from the Financial Services and Markets Authority (FSMA) to this survey.

The figures should be interpreted with some caution as insurance markets – including the number and type of insurance intermediaries operating therein – vary significantly across Members States, as well as the supervisory structure and framework. **There are, therefore, limits to the level of comparability of data.**

Changes in the EU insurance distribution market:

In February 2021, EIOPA launched a survey addressed to NCAs to gather information on the insurance intermediaries' market structure and patterns of cross-border activities. The following information is based on the response from the Financial Services and Markets Authority (FSMA) to this survey.

The figures should be interpreted with some caution as there are differences as to how intermediaries are registered in their home Member State, in the national categories of insurance intermediaries and in the approaches by NCAs to collect data.

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Information on the insurance intermediaries' market structure and patterns of cross-border activity

General data of the national market (2020):

	Amounts	Share total EEA
Population (in 1000) ¹	11,549	2.6%
(Re)insurance GWP (in million) ²	38,313.64	2.5%
Number of (re)insurance undertakings ³	61	2.5%
Number of registered insurance intermediaries	10,005	1.1%

National competent authority:

Financial Services and Markets Authority (FSMA)

Registered insurance intermediaries split by natural and legal persons:

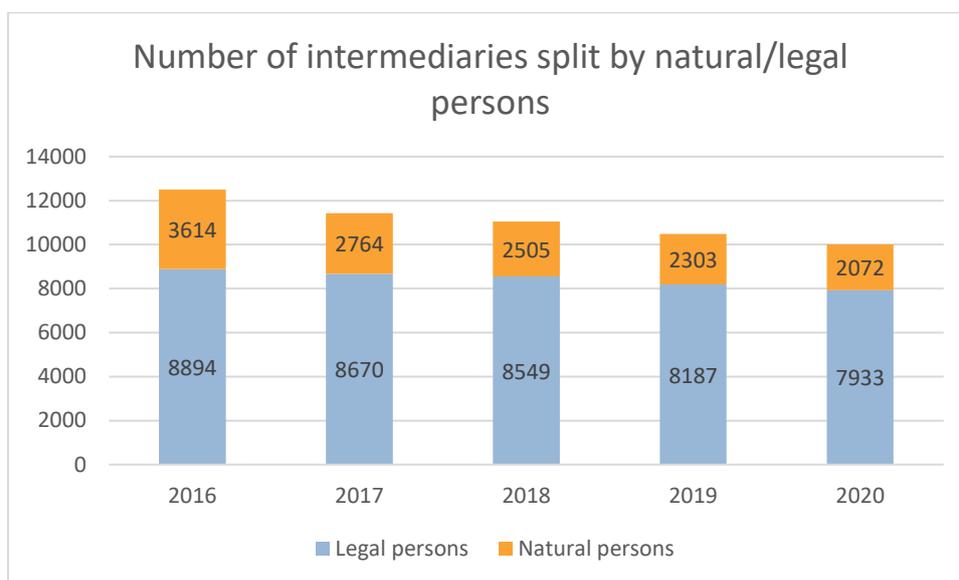
¹ Based on eurostat data:

<https://ec.europa.eu/eurostat/documents/2995521/11081093/3-10072020-AP-EN.pdf/d2f799bf-4412-05cc-a357-7b49b93615f1>

² (Re)insurance GWP includes life and non-life premiums generated by domestically registered undertakings year-end 2020 based on annually reported SII information:

https://www.eiopa.europa.eu/tools-and-data/insurance-statistics_en#Premiums,claimsandexpenses

³ Number of (re)insurance undertakings includes the domestically registered undertakings. Based on SII information (see link above)



Comments provided by the NCA on the figures included in the chart above:

The source of those data is the annual report of the FSMA. The data are the result of a picture taken on December 31st of the year concerned.

We observe two trends over the last 5 years:

First, the proportion of insurance intermediaries acting as natural person in comparison to those acting as a legal person is decreasing every year with an average of 1%: going from a 29-71 proportion in 2016 to a 21-79 proportion in 2020. In other words, more and more insurance intermediaries are operating by a legal person.

Secondly, the amount of insurance intermediaries is decreasing every year with 5%. The decrease of the number of intermediaries has been described in the [FSMA 2018 annual report](#). The FSMA points out that the main reasons why intermediaries stop their activities are consolidation in the sector, the increasing age of intermediaries and reorganisation in distribution models. The decrease of the number of intermediaries and the consolidation in the insurance (intermediary) sector have also been mentioned in the Belgian press.

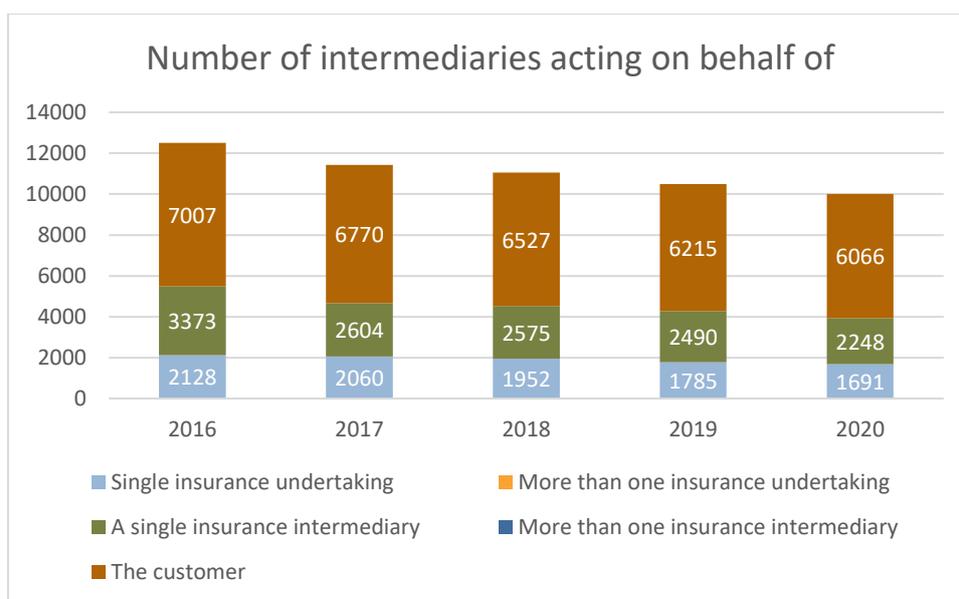
The regulator's recurring attention regarding other essential legislation, including AML, might contribute to this decrease, however without objective evidence. In any case, we underline that AML and IDD legislation are separate legislations.

The above mentioned reasons seem to be an overall opinion regarding different national markets and not only regarding the Belgian insurance intermediary market.

Online registration system:

The FSMA has developed an online application "CABRIO". The main purpose of the application is that insurance intermediaries can submit their application file and keep their file updated, all this in an interaction with the FSMA by the means of this application. An interesting feature of the application is the ability for the insurance intermediary to upload documents. Also the FSMA benefits from the application, because it "remembers" certain data, which can be useful when an insurance intermediary introduces a new registration request and the FSMA wants to control e.g. the professional experience (cfr. our intention to remove administrative hurdles and to increase the customer orientation of the application).

Registered insurance intermediaries split by categories based on the activities of insurance intermediaries:



Registered insurance intermediaries split by categories based on the way in which they are paid:

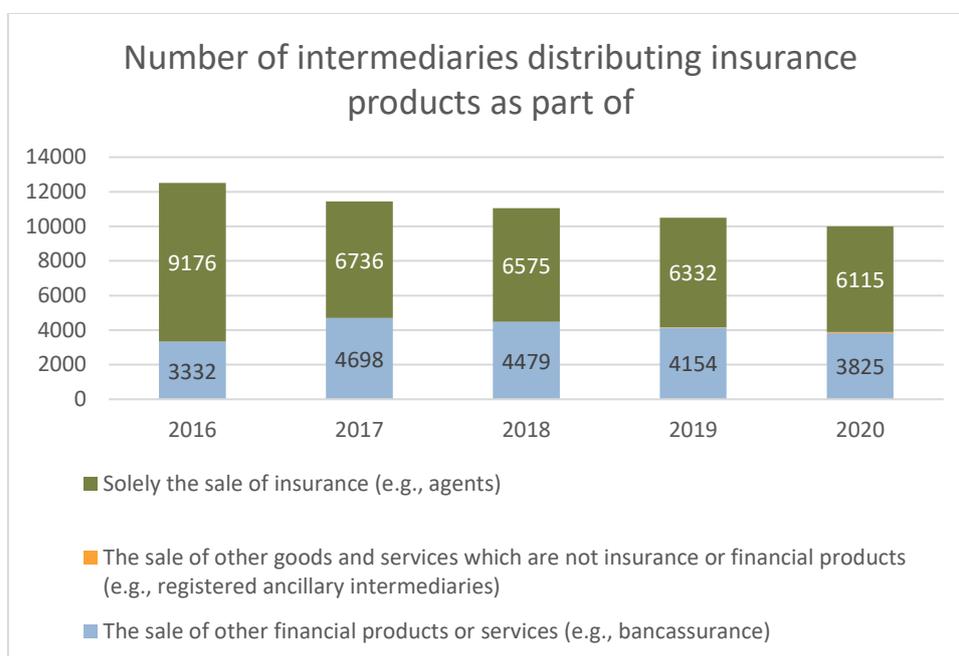
The FSMA does not have the requested data.

Although, the federation of the Belgian insurance companies ("Assuralia") provides information on the total amount of commissions, retroceded by the Belgian insurance companies:

- Non-Life insurance: 2,597 million euro in 2019 (2018: 2,394)
- Life insurance: 789 million euro in 2019 (2018: 780)

Compared with the total amount of received premiums, the commission reaches a proportion of 10,4% in 2019 (2018: 10,5% -- 2017: 10,9% -- 2016: 10,7%). We could notice a slight decrease of the commission proportion (10,7% & 10,9% (2016-2017) -> 10,5% & 10,4% (2018-2019)), but as we do not have any data on the fees the intermediaries ask directly from their clients, we can't support this idea.

Registered insurance intermediaries split by categories based on the basis in which they sell insurance products:



Comments provided by the NCA on the figures included in the chart above:

The source of those data is the FSMA application system.

We have analysed who combines his status of insurance intermediary with another status that is supervised by the FSMA. If the insurance intermediary is also allowed to offer mortgages, consumer credits, bank products or investments, we consider the insurance intermediary to be part of category 1. If the insurance intermediary is only registered as insurance intermediary, he/she belongs to category 3. We have to point out that this method doesn't take into account the possible circumstance that a person acts by one legal person for his insurance distribution activities and by a different other legal person for his credit activities or bank and investments activities. Revealing this circumstances would require reviewing each intermediary manually.

Therefore, we would like to inform you that:

a) category 1 ("the sale of other financial products or services") includes all the insurance intermediaries with at least one other registration at the FSMA (e.g. mortgage broker, consumer credit agent);

b) category 2 ("the sale of other goods and services which are not insurance or financial products") indicates all the ancillary intermediaries who have to register. According to Belgian regulation, those are the intermediaries who offer insurances complementary to the goods and services they sell, with a premium > 200 EUR a year, ...);

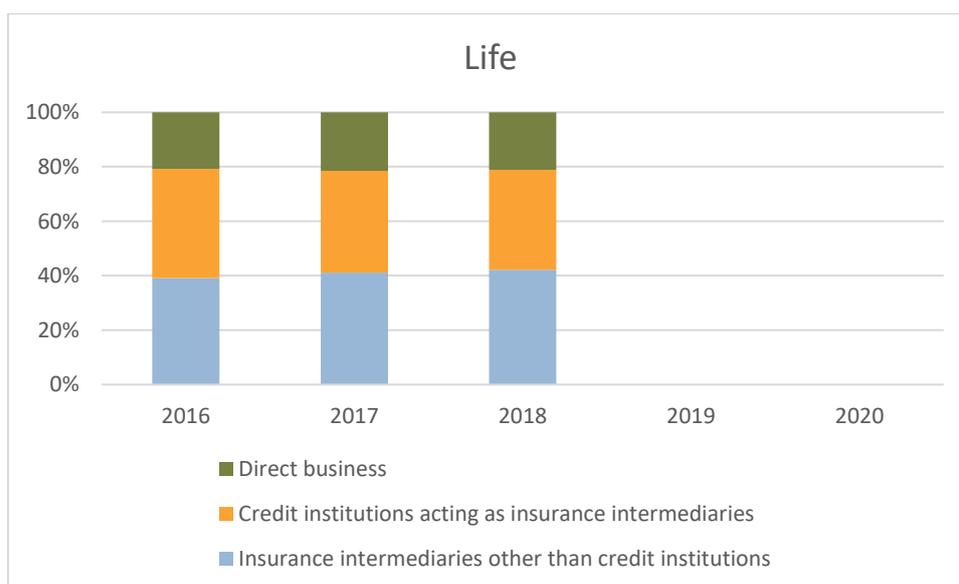
c) category 3 ("solely the sale of insurance") mentions the amount of persons having only one insurance intermediary registration at the FSMA.

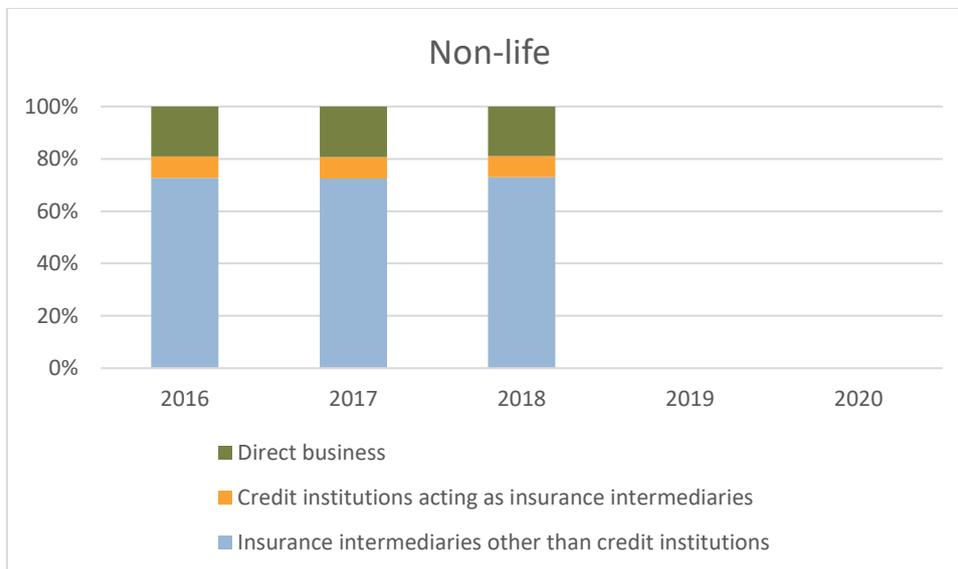
Moreover, please note the following two points:

- The category of ancillary insurance intermediaries has been created by the IDD on 28.12.2018. The Belgian regulation demands that ancillary insurance intermediaries ask for a registration when meeting legal criteria (cfr. insurances complementary to the goods and services they sell with a premium > 200 EUR a year). They need to register during a transitional regime which ends on December 28th, 2021. Provisional data show that 236 ancillary insurance intermediaries were registered during the 4 first months of 2021;

- In 2017 the categories of mortgage credit intermediaries and consumption credit intermediaries were created. In our view, this explains the big shift in the data: almost 1,400 more intermediaries selling other financial products, taking into account that the number of insurance intermediaries declines slightly over the years.

GWP split by distribution channels:





Comments provided by the NCA on the figures included in the charts above:

The source of those data is the Assuralia newsletter on insurance distribution channels, which is usually published in January of the year n+2.

Assuralia is the federation of Belgian insurance companies.

Proportion of online intermediation/sales (e.g. directly via websites, mobile applications, e-mails) in terms of the total volume of gross written premiums:

0.2%

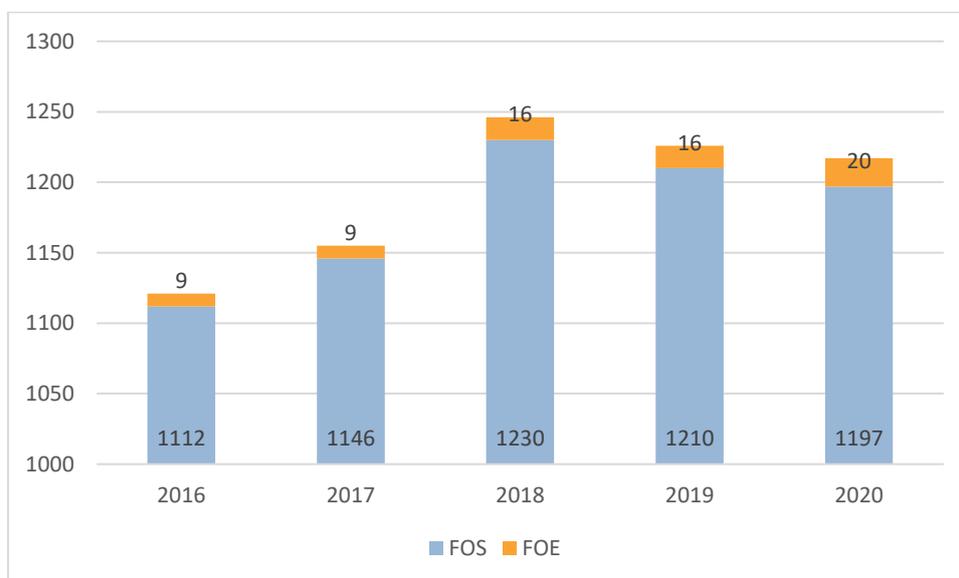
Comments provided by the NCA on the data above:

The federation of the Belgian insurance companies ("Assuralia") did provide for the year 2019 the 0,2 % for e-commerce, calculated on the total turnover. Assuralia explains this percentage by stating that the internet is mainly used to look for information and to compare different insurance products, but the customer remains relying on the traditional channels for the contract conclusion. Assuralia expects this percentage to grow in the upcoming years.

Please note the following remarks:

- When the customer indicates an insurance intermediary as the insurance company in general asks the customer to do so, Assuralia considers that the policy falls out of scope of e-commerce. So, the 0,2% concerns e-commerce without intermediary.
- We also think that e-commerce refers to a fully online underwriting process with documents sent by e-mail and no sending of policy documents on paper.
- Assuralia mentions the 0,2% in her report on the year 2017, 2018 and 2019.
- We do not have other figures (such as e-commerce with an intermediary).

Number of domestic insurance intermediaries with a passport to carry out insurance mediation activities under freedom to provide services (FOS) or under freedom of establishment (FOE)



Comments provided by the NCA on the figures included in the chart above:

The source of those data is the FSMA registration system. As the Brexit transition period ended on December 31st 2020, we did count the LPS in the UK too.

We observe that the amount of passports under FOS increased over the years 2016 and 2017, but it is decreasing since 2018 (+- 1% a year). We also notice that the amount of passports under FOE is increasing, with a big leap in the year 2018.

Number of insurance intermediaries with a passport to carry out insurance mediation activities under FOS or under FOE at the reference date 31.12.2020 split by host Member State:

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<i>Host Member State</i>	<i>1. FOS</i>	<i>2. FOE</i>	<i>3. TOTAL</i>
<i>Austria</i>	453	0	453
<i>Belgium</i>			
<i>Bulgaria</i>	448	0	448
<i>Cyprus</i>	445	0	445
<i>Croatia</i>	414	0	414
<i>Czech Republic</i>	453	2	455
<i>Denmark</i>	450	0	450
<i>Estonia</i>	440	0	440
<i>Finland</i>	448	0	448
<i>France</i>	785	4	789
<i>Germany</i>	571	2	573
<i>Greece</i>	457	0	457
<i>Hungary</i>	452	0	452
<i>Iceland</i>	432	0	432
<i>Ireland</i>	456	0	456
<i>Italy</i>	511	1	512
<i>Latvia</i>	441	0	441
<i>Liechtenstein</i>	432	0	432
<i>Lithuania</i>	444	0	444
<i>Luxembourg</i>	1,016	7	1,023
<i>Malta</i>	448	0	448
<i>Netherlands</i>	659	4	663
<i>Norway</i>	440	0	440
<i>Poland</i>	470	0	470

<i>Portugal</i>	493	0	493
<i>Romania</i>	452	0	452
<i>Slovakia</i>	463	2	465
<i>Slovenia</i>	440	0	440
<i>Spain</i>	537	2	539
<i>Sweden</i>	452	0	452
<i>UK</i>	535	0	535
<i>Total EEA</i>	14,937	24	14,961

Comments provided by the NCA on the figures included in the table above:

The source of those data is the FSMA registration system. As the Brexit transition period ended on December 31st 2020, we did count the LPS in the UK too.

We observe that the number of different countries for which passports under FOE are granted is slightly increasing (2018 and 2019: 21) and that the number of different countries for which passports under FOS are granted is decreasing with almost 5% in 2020 (2018-2019: -0,5%; 2019-2020: -4,6%). However, compared to the amount of insurance intermediaries, which is decreasing as well (see above), we observe that over the periode 2018-2020 around 3,5% (average) more insurance intermediaries demand a passport under FOS for a Member State.

General qualitative description of the “patterns of cross-border activity”:

We observe that our 4 neighbouring countries are in the top list 4. The UK stands on the sixth place in the ranking list of the countries with the most passports under FOS, just under Spain and above Italy.

We've also noticed that the number of passports under FOS in our neighbouring countries, including Spain, the UK and Italy, is the strongest (i.e. lowest % of decrease) over the years 2018-2019-2020. The biggest decrease of passports under FOS was found in Slovenia, followed by Iceland, the Baltic States, Liechtenstein, Austria, the Czech Republic, Greece and Norway. Those are largely the states with already the least number of passports under FOS (Austria, the Czech Republic and Greece excepted).

Information on the powers of the NCA

Statutory powers to implement the IDD:

For example :

- Registration of (re)insurance intermediaries and (ancillary) insurance intermediaries (Articles 259-269 of

the Belgian law of 4 April 2014 on insurance)

- Notification procedure (Articles 269, 270 and 271 of the Belgian law of 4 April 2014 on insurance)

- Publication of general good rules (Article 269 of the Belgian Law of 4 April 2014 on insurance)

- Investigatory powers (Articles 304 and 305 of the Belgian Law of 4 April 2014; Article 78bis and 87quinquies of the Belgian Law of 2 August 2002 on the supervision of the financial sector and on financial services)

- Administrative measures (Articles 306, 307, 308, 309, 310, 311, 312, 312/1, 314 and 315 of the Belgian

Law of 4 April 2014 on insurance)

- Administrative sanctions (Article 319 of the Belgian Law of 4 April 2014 on insurance)

- (criminal sanctions) (Article 324, 325, 326, 327, 328, 329, 330 of the Belgian Law of 4 April 2014 on

insurance)

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Extent to which NCA has not been sufficiently empowered to ensure the implementation of the IDD:

Not applicable

Most common supervisory tools to monitor the IDD implementation (1=least common; 5=most common)

Tools	Insurance undertakings	Insurance intermediaries
Market monitoring	3	3
Data-driven market monitoring, beyond complaints data analysis	3	3
Thematic reviews	3	3
Mystery shopping	1	1
On-site inspections	4	4
Off-site monitoring	4	4
Consumer focus groups	n/a	n/a
Product oversight activities	4	2
Consumer research	n/a	n/a
Investigations stemming out of complaints	3	3
Other <i>a priori</i> supervisory activities (e.g., fit&proper assessments)	5	5

Comments by NCA on supervisory tools referred to in the table above:

In Belgium, the prudential aspects are supervised by the National Bank of Belgium (“NBB”).

With regard to the IDD rules, the a priori supervisory activities are: registration of (re)insurance intermediaries and (ancillary) insurance intermediaries, Fit&Proper assessments; approval of training providers for continuous education; assessment of examination systems to prove professional knowledge; approval of compliance officers.

Supervisory tools adopted before and following IDD implementation:

Cells marked in **blue** means "yes" and cells marked in **grey** means "no".

Tools adopted	Adopted before IDD implementation	Adopted following IDD implementation	Is planning to adopt this or next year	Would like to adopt but is not empowered to adopt
Market monitoring				
Data-driven market monitoring, beyond complaints data analysis				
Thematic reviews				
Mystery shopping				
On-site inspections				
Off-site monitoring				
Product oversight activities				
Consumer focus groups				
Consumer research				
Investigations stemming out of complaints				

Other <i>a priori</i> supervisory activities (e.g., fit & proper assessments) – indicate below				
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Comment by NCA on supervisory tools referred to in the table above:

The majority of the supervisory tools already exist since the entry into force of the Belgian law of 4 April 2014 on insurance.

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