

# Annexes I-VI to the 2nd Report on the application of the Insurance Distribution Directive (IDD)

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## ANNEX I: METHODOLOGY

For the purpose of this report, EIOPA has used the following data sources:

### Input from NCAs, EIOPA and other ESAs

- In October 2022, EIOPA launched a survey addressed to NCAs to gather input on the impact of the ECJ judgement on group insurance (Case C-633/20, TC Medical Air Ambulance Agency)
- In February 2023, EIOPA launched a survey addressed to NCAs on the insurance intermediaries' market structure and patterns of cross-border activity
- In February 2023, EIOPA launched a survey addressed to NCAs to gather data on additional topics, such as the resources and powers of NCAs and the quality of advice
- In line with Article 41(4) of the IDD, EIOPA has consulted the European Securities and Markets Authority before making public its report
- Data sources also include, for example, EIOPA's Supervisory Statements on (i) Value for Money, (ii) exclusions in insurance products related to risks arising from systemic events, (iii) the use of governance arrangements in third countries and (iv) differential pricing practices in non-life insurance lines of business, EIOPA's Annual Consumer Trends report 2023, EIOPA's peer review report on POG, EIOPA's 4th Annual Report on administrative sanctions and other measures under the IDD and EIOPA's thematic review on the functioning of the EU market for credit protection insurance products sold with mortgages, consumer credits and credit cards

### Input from stakeholders

- On 9-10 March 2023, EIOPA held a public online event about the application of the IDD. The online event gathered over 600 representatives from consumer associations, trade associations, insurance undertakings, insurance intermediaries, universities, national competent authorities and other institutions
- Following the event, trade associations, insurance undertakings and consumer representatives provided written input on the application of the IDD (see summary in Annex II)

## ANNEX II: SUMMARY OF INPUT PROVIDED BY STAKEHOLDERS

In March 2023, EIOPA held a public online event about the application of the IDD. The online event gathered over 600 representatives from consumer associations, trade associations, insurance undertakings, insurance intermediaries, universities, national competent authorities and other institutions. Following the event, trade associations, insurance undertakings and consumer representatives provided written input on the application of the IDD. This Annex provides a brief summary of the responses.

- Insurance Europe:
  - General comment: IDD is working well and that its members report very few difficulties in applying the Directive or accompanying level 2 measures.
  - Scope of the IDD: Large amounts of B2B business, commercial risks, reinsurance and occupational insurance are covered by the IDD although IDD is a retail/consumer protection focused piece of legislation. Rules on IPID, demands-and-needs test, certain consumer disclosures and POG should be amended or disapplied for commercial contracts. CPD requirements should not be applicable to reinsurance distributors and occupational insurance as the client is an expert operating in a professional capacity (a similar view was provided by BIPAR and Lloyd's Europe)
  - Sustainability: Overly complicated sustainability-related product information makes it difficult for consumers to understand the choices they are making between products. The definitions used are also problematic as they are not aligned and not understandable by the average consumer. In addition, the IDD suitability assessment is already very long and the new requirements lengthen and complicate the process further. There is also a lack of data availability for product manufacturers that limits their ability to offer sustainable products.
  - Application of Article 10: In some cases, it is difficult for passporting insurance distributors to establish whether the home or host Member State professional requirements apply to them (for example, this applies to the CPD requirements applied to employees of branches of insurers which are considered as distributors in some countries).
  
- BIPAR:
  - General comment: Markets, traditions and consumers are still different in the Member States, and it is a great achievement that the IDD covers so many, so much variation if not potentially all aspects.
  - Digitalisation: FinTechs are changing from being potential disrupters to being enablers in the market. Even young people still like to have a conversation with a human at

certain important stages in life. Digital literacy is a challenge which is why consumers should be able to access insurance by traditional means.

- Sustainability: Application of sustainability rules to non-life insurance products is not very clear especially regarding the integration of the sustainability factor to target market and POG. Sustainability rules are scattered into too many pieces of legislation. In some markets, the complexity of the legal framework, combined with the fact that clients find it difficult to express their "sustainability preferences", can lead intermediaries to limit their activity for fear of incurring professional liability.
- Polish Chamber of Insurance:
  - Digitalisation: Digitalisation is perceived as a growing trend which should not be hampered by any additional legal requirements to insurance distributors which may not properly benefit customers. Any new regulation should properly reflect national specificities and reflect minimum harmonization framework.
  - Sustainability: There are many challenges related to the practical implementation of the SFDR that affected the application of the IDD principles:
    - Overly complicated and formalised way of communicating information about the environmental characteristics of the products;
    - Excessive length of SFDR templates and reporting regulations make them difficult to access via digital;
    - Definitions are not standardised and understandable to the average customers (e. g. terms such as "balanced investment objective" or "main negative impact");
    - New requirements make the already long IDD suitability assessment even longer.
  - In addition, there is an issue with lack of access to relevant data by product manufacturers which limits their ability to offer sustainable products.
  - Compliance burden: Polish market is seeing increasing costs associated with complying with insurance distribution regulations without a corresponding increase in the value of products to the customer. Increasing number of legal requirements seems to be one of the reasons for the decreasing number of insurance intermediaries.
  - Quality of advice: Introducing a commission ban will entail high costs to be borne by the customer and could lead to an increase in the insurance gap.
- German Association of the Insureds (Bund der Versicherten)
  - POG guidance by BaFin:
    - In Germany, the most important consumer protection related event in recent weeks was the publication of BaFin's guidance concerning the product design and distribution practices of life insurances with investment part in May 2023.
    - The guidance is in line with EIOPA's „Supervisory Statement on assessment of value for money of unit-linked insurance products under product oversight

and governance“ published in November 2021 and describes how BaFin uses the tools developed by EIOPA to assess the value for money of the products with regard to the needs of the target market.

- The German Association of the Insured highlighted that, during the public consultation of the guidance, they had asked for some more precise rules, including the introduction of a cap of commissions of 2.5% of the total of premiums paid until maturity, or at least an “enhanced” supervision of distribution practices, if this threshold was exceeded.
- Polish Financial Ombudsman Office:
  - Demands-and-needs test:
    - Questionnaires on demands and needs are often very general / open-ended making it difficult for consumers to understand what to answer the questions are often are not referred to the coverage exclusions in the product;
    - Demands-and-needs test is often limited to the mere presentation of the product and require customers only to declare that the contract meets their demands and needs given that Article 20 does not prescribe how the test should be documented;
    - Clients are often unaware that the scope of health insurance covers only events completely unrelated to the current state of health of the insured person; Pre-existing medical conditions are still widely used;
    - Recorded telephone conversations with insurance distributors show that some of them push customers to obtain a formal confirmation of the conclusion of a contract, even though the whole conversation shows that the customers wants to rethink the matter – difficulty for customers to check the conversations in case of dispute as the access to the recording is difficult Customers are sometimes urged to conclude a contract (in particular in the case of distance sales) and, therefore, cannot make an informed decision;
  - The quality of advice has not changed radically since the entry-into-force of the IDD and similar problems have been reported for several years.
  - Complaints about foreign insurance companies: Complaints are mostly related to travel insurance, consumer electronics insurance and MTPL insurance. Proportionally more problems with foreign insurers compared to domestic insurers (e. g. due to difficulties with communication, language, ignorance of foreign law, lack of proper supervision by home supervisor).
  - Impact on smaller insurance intermediaries: On the one hand, smaller intermediaries are overloaded with regulations. On the other hand, there are issues with providers which are exempt from the IDD, but conclude a mass number of insurance contracts. Complaints often related to lack of proper demands-and-needs test or imprecise information related to insurance (e. g. conclusion of contract under time pressure when purchasing travel/flight).

- Complaints related to group insurance and impact of the ECJ judgement on group insurance on the Polish market (extract from interview with the Polish Financial Ombudsman):

*“The Financial Ombudsman Office receives many applications regarding group insurance issues. The vast majority of them concern life and accident insurance. Problems reported by clients largely concern the issue of loss settlement, such as underestimation of the amount of compensation or refusal to pay in case of medical events. For example, when health damage occurs one must consider whether the damage is "permanent", i.e., irreversible and with no prospects of improvement in the future, and whether an accident as defined in the terms and conditions that occur, or whether a given disease is covered by insurance.*

*Terminology is often a problem in group insurance. The definitions used by insurers usually do not correspond to the definitions commonly recognized and used in the medical world. They include, for example, only certain subcategories or specific forms of a given disease. As a result, the scope of insurance coverage is narrower than the client expects. Customers do not have to be familiar with specialist terminology.*

*Continuing group insurance on an individual basis is also a problem. After the labour contract termination or retirement, clients often have the possibility to maintain this insurance individually. The problem, however, lies in the fact that some of those policies are renewed each year, and the insurers reserve the right to refuse to continue the said agreement or modify its terms and conditions in future periods (such as altering the contract's scope or insured sums). After several years, the customer may be informed of changes to their insurance policy, such as a rise in premiums or narrower scope of protection and has the option to either agree to such conditions or waive protection. This often leads to frustration as they had expected the initial group contract's terms to remain unchanged.*

*In the case of individual continuation of group insurance, problems with pre-existing medical conditions are also visible. Although from the client's point of view a given contract is a continuation of the group contract they had for many years the insurer treats the contract as a completely new one, which is true from a formal point of view. As pre-existing medical conditions exist diseases diagnosed while the client was covered under the group contract are excluded from the coverage. In some cases, pre-existing medical conditions are not time-limited. As a consequence, the scope of protection in practice is different, although the client may not be aware of it.*

*It have to be noted that pre-existing medical conditions are used in individual insurance as well, so this problem is not limited to group insurance.*

*From what we can observe, the judgment of the Court of Justice (C-633/20) has not had much impact on practice so far. The judgment concerned the criteria under which a policyholder can be considered an insurance distributor. The problem of the policyholder being de facto an intermediary appeared in practice in Poland. There were some attempts to claim liability from the policyholder in Poland before the ECJ judgement in case of group unit-linked insurance offered by banks in past. In my opinion, the ECJ judgement does not constitute a ban on such remuneration, but only provides some legal grounds to consider policyholder as an intermediary and thus seek their responsibility for possible negligence.*

*In Poland the remuneration is often paid not to the policyholder, but to their employee who is responsible for handling applications and forwarding them to the insurer. Polish regulations currently forbid to remunerate a policyholder or its employee, but there are exceptions to this ban which might be used in practice. I agree that the situation in which the policyholder or their employee receives remuneration related to joining an insurance by the insured puts him in a conflict of interest situation. However, in my opinion, the ECJ judgement might not have an effect until remuneration in group insurance will be regulated directly.”*

- Association for Consumer Rights Malta:
  - Suitability assessment: Much of the information to be obtained as part of the suitability assessment is irrelevant in determining whether the customer has adequate knowledge and experience (e. g. if a customer has never invested in an IBIP, this does not mean a unit-linked IBIP is inappropriate). Obtaining unnecessary information lengthens the suitability assessment without adding much value.
  - Product complexity: There is a misalignment between IDD and MiFID 2 in terms of the classification of a complex product. Unit-linked products can normally never be classified as non-complex since they do not include “a contractually guaranteed minimum maturity value which is at least the amount paid by the Client after deduction of legitimate costs”. Yet certain funds can actually be classified as non-complex under MiFID 2.
  - Sustainability: The sustainability of the product, risks and preference do not relate to distribution. They are more related to the operations of insurance undertakings rather than the methodology of reaching the product to the end consumer



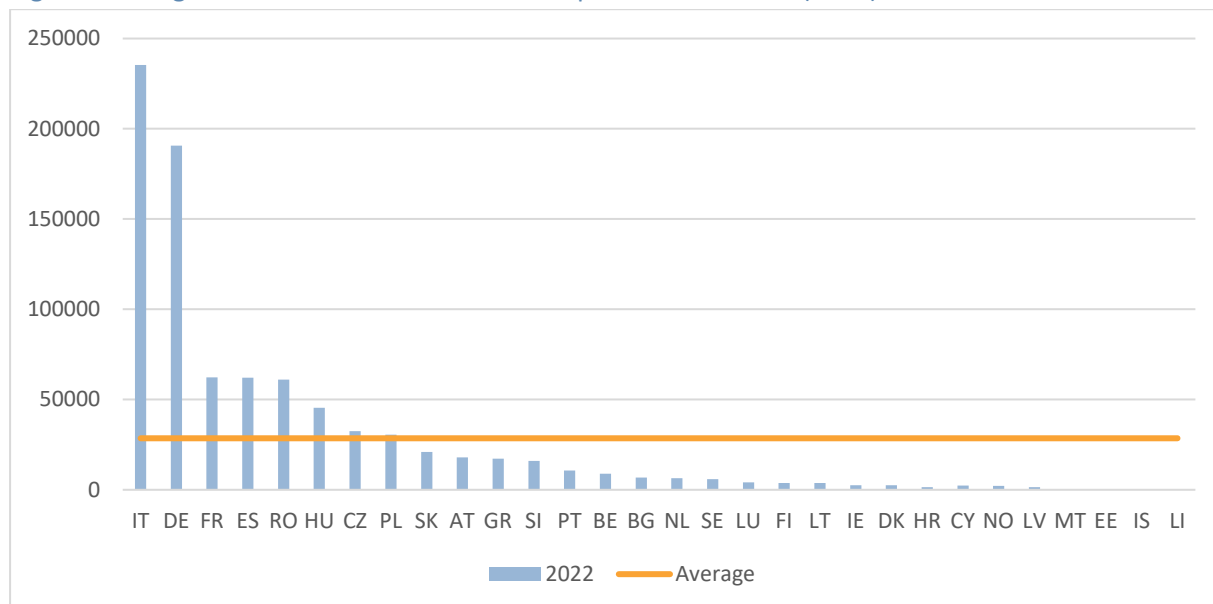
## ANNEX III: CHANGES IN THE EU INSURANCE DISTRIBUTION MARKET

This Annex complements Sections 1.2 and 1.3 of the report and provides additional information on the outcome of EIOPA's survey on the insurance intermediaries' market structure and patterns of cross-border activity.

### Number of registered insurance intermediaries per Member State

The following graph provides an overview of the number of registered insurance intermediaries per Member State in 2022. Figure 1.1 illustrates that there are some wide variations in the numbers of registered insurance intermediaries across the EEA. IT, DE, FR, ES, RO, HU, CZ and PL have an above-average number of registered insurance intermediaries. However, when comparing the number of registered insurance intermediaries across Member States, the size of the insurance market in terms of GWP and other factors, such as domestic population, number of insurance undertakings or number of contracts, need to be taken into account.

Figure 1.1: Registered insurance intermediaries per Member State (2022)



### Online registration system

Based on the information provided by 29 NCAs, 26 NCAs<sup>1</sup> are using an online registration to allow the registration form to be completed directly online. In IS, the online registration system is not working yet because the Financial Supervisory Authority merged into the Central Bank of Iceland and the website has been undergoing some changes. In IT and LU, registration forms can be completed electronically, but must be provided to the NCA via email. On 25 July 2023, IVASS amended the national regulation on insurance distribution by setting up a new registration system according to which insurance and reinsurance intermediaries will be able to update their own position through a direct access to the web portal of the register by using digital identification instruments.

10 NCAs<sup>2</sup> update the information on the number of registered insurance intermediaries on an ongoing basis. 12 NCAs update the number of registered insurance intermediaries on a daily basis<sup>3</sup>, BE and LU on a weekly basis and IE on a biweekly basis.

In line with Article 3(1), subparagraph 4 of the IDD, in some Member States (e.g. CZ, EE, IT, PL, RO), certain insurance intermediaries (e.g. tied agents, sub-agents) do not submit the registration form themselves, but the principal (e.g. insurance undertakings, agents) submits it on their behalf.

### Online sales

The table below provides an overview of the proportion of online sales (e. g. directly via websites, mobile applications, e-mails) in terms of total volume of GWP:

Figure 1.2: Proportion of online sales per Member State (2022)

| MS | Life  | Non-Life | Total | Comment  |
|----|-------|----------|-------|--|
| BE |       |          | 0.3%  | Figure is from Assuralia and covers pure e-commerce distribution for 2020. Many other distribution channels could also take a digital form so this figure might be an underestimation. |
| BG | 0.01% |          |       | Based on information provided by insurance undertakings.   |
| CZ |       |          | 1.3%  | Figure is based on national reporting and covers only new contracts sold through websites of insurance undertakings authorised in CZ excluding cross-border business and renewals.     |
| DE | 0.44% | 1.48%    | 0.74% | Figures are from insurance undertakings representing 60% of market in relation to new business. Non-life figure does not include health insurance.                                     |

<sup>1</sup> AT, BE, BG, CY, CZ, DE, DK, EE, ES, FI, FR, GR, HR, HU, IE, LI, LT, LV, MT, NL, NO, PL, PT, RO, SI, SK

<sup>2</sup> DK, EE, ES, GR, HU, LI, LT, LV, NO, RO

<sup>3</sup> AT, BG, CY, CZ, DE, FI, HR, IT, NL, PL, PT, SK

|    |       |       |       |   |
|----|-------|-------|-------|---|
| ES | 0.18% | 0.48% | 0.66% | Figure covers the proportion of online intermediation via websites.   |
| FR |       |       | 7%    | Based on information from insurance undertakings representing 80% of the French market, in 2021, 7% of their sales occurred online.     |
| HR |       |       | 0.56% |   |
| HU |       |       | 16%   | Data is based on national data reporting.   |
| IT |       |       | 1.6%  | Data refers to GWP collected in Italy by Italian undertakings and branches of non-EU undertakings.                                      |
| LI |       |       | 3.4%  | Based on data from insurance undertakings covering 60% of the LI market.  |
| LT | 14.2% | 5.2%  | 5.5%  | Data relates to online sales by insurance undertakings.   |
| LU | 0%    | 0.33% |       | Data relates to new contracts written by insurance undertakings via online sales.   |
| LV | 8.8%  | 12.1% | 11.4% | Covers direct sales by insurance undertakings and insurance intermediaries  |
| NL |       |       | 23.4% | The information is derived from the five largest insurance undertakings in NL, accommodating for over 60% of the total market.          |
| NO |       |       | 5%    |   |
| PL | 0.01% | 1.91% | 1.34% |   |
| PT |       |       | 0.28% | Data covers only direct business via websites of insurance undertakings.  |
| RO |       |       | 0.38% | Based on quarterly report on insurance distribution by insurance undertakings. Covers sales directly via websites and mobile apps.      |
| SI | 0.1%  | 1.8%  | 1.3%  | Data was provided by the Slovenian Insurance Association where the majority of insurance undertakings (including branches) are members. |

## ANNEX IV: NEED TO PROVIDE ADDITIONAL GUIDANCE ON THE REGULATORY FRAMEWORK

This Annex complements Section 2.5 of the report and includes additional examples of IDD provisions for which there could be a need to provide additional guidance through Level 2 or Level 3 measures. The examples included in this Annex are based on the responses to a survey addressed to NCAs to gather input on the impact of the regulatory framework:

- Recital 49: Group insurance
  - The application and supervision of the POG rules is a great challenge, as they are classified as individual contract schemes. It is a serious problem that one NCA has no direct enforcement powers regarding the POG rules, in particular that the authority cannot prevent the distribution of the product even if it clearly does not comply with the POG rules
  - Lack of guidance under which conditions the policyholder of a group insurance contract acts as an insurance intermediary
  - The issue of protection of insured persons in group insurance should be regulated to a greater extent in IDD - in one NCA's opinion, there are too little regulations and guidelines in this field. IDD regulations concentrate on the moment of concluding the insurance contract and the person of policyholder, meanwhile regulations protecting insured person are not sufficient (especially in field of corresponding insurance contract to their demands and needs or providing information to insured person).
  
- Article 2(1)(1): Insurance distribution
  - Are Internet Lead Generation Tools considered as “work preparatory to the conclusion of contracts of insurance”, according to Article 2(1)(1) of the IDD or as “the mere provision of data and information on potential policyholders to insurance intermediaries, reinsurance intermediaries, insurance undertakings or reinsurance undertakings where the provider does not take any additional steps to assist in the conclusion of an insurance or reinsurance contract”, according to Article 2(2)(c) of the IDD?
  - Lack of clarity on the types of functions that are included in the definition of what constitutes “insurance distribution” in some markets. Despite the exclusion in Article 2.2(b) of the IDD for claims management, in some markets, personnel who have no customer facing role and are only engaged in claims handling or in underwriting activities are still considered to be classified as part of the distribution process and so must undergo the same training regime as the distributors themselves
  
- Article 2 (1) (4): Definition of ancillary insurance intermediaries from the IDD

- Should people distributing CPI related to a bundled sales (consumer loan + a good or a service) be considered full insurance intermediaries, not ancillary intermediaries?<sup>4</sup>
- Article 2(1)(15): Concept of advice
  - Insurance intermediaries do not completely understand the meaning and the significance of the terminology “providing advice”, mainly due to lack of knowledge and experience
- Article 10: Professional requirements
  - In some Member States, pursuant to IDD, employees of insurance undertakings shall not be registered as insurance intermediaries (e.g. HU, IT). This is not the case for other Member States (e. g. SI), where only registered persons can perform insurance distribution activities even if they are employed by the insurer. This can lead to cross-border issues (FoS);
  - There are differences in how professional requirements are applied. Where certain (re)insurers have branches in multiple countries, they must apply this aspect of the Directive in varying ways. In some cases, there are also difficulties in establishing whether ‘home’ or ‘host’ requirements apply. In particular, this relates to aspects of the distribution process, such as claims handling, or underwriting, where personnel may be situated in one country but processing claims/sales or undertaking underwriting activities related to another, or the knowledge and continuing professional training and development requirements to be applied to employees of branches of insurance companies, which are considered as insurance distributors in some countries under the current IDD (eg underwriters employed by a branch).
- Articles 17 and 29: Remuneration
  - Article 17(3): Lack of clear indicators whether remuneration is proper or not according to Article 17(3). Such indicators are point out only in relation to insurance-based investment products
  - Article 17: Not clear if Article 17 can serve stand alone as a legal hook for price differentiation or whether it has to be accompanied with other provisions
  - Article 29(2)(a): Difficulties in the interpretation of the notion of detriment to the consumer and how it is assessed
  - A problem one NCA is dealing with in its market is intermediaries selling a new long time IBIP to the same consumer over a period of a few years. There are cases where the intermediary has sold the same individual up to 4 different IBIPS. The intermediaries do this to get a new commission for the new sale. This is very detrimental to the consumer who is again and again starting over with a new IBIP

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<sup>4</sup> Please find a press release of ACPR which considers people selling goods or services with a consumer loan as insurance distributor due to the fact they also provide a consumer protection insurance coverage linked to the consumer loan : [20230315\\_cp\\_acpr\\_statut\\_distributeurs\\_commercialisant\\_contrats\\_assurance\\_emprunteur.pdf \(banque-france.fr\)](https://www.banque-france.fr/fr/actualites/20230315_cp_acpr_statut_distributeurs_commercialisant_contrats_assurance_emprunteur.pdf)

contract that is in its essence a long time investment, at least 20 years. So the consumer ends up spending years paying commissions and not getting any real investment for his money. So the NCA looked to the IDD to see if there was a clear rule in the legislation that required the intermediary to inform the consumer of the exact amount he was getting for making the contract and if the NCA could then make it mandatory for the intermediary in situations like described above to disclose the exact amount he was getting for making the contract

- Not clear regulations concerning conflicts of interest in terms of remuneration rules, especially in the area of remuneration of insurance undertakings and intermediaries' employees engaged in insurance distribution and in the area of relation of policyholder with insurance intermediary or insurance undertaking in group insurance
- Article 20: Demands-and-needs test
  - Relationship with suitability assessment
  - Difficulties regarding how deep analysis of demands and needs should be carried out. What questions shall be asked
  - IDD does not indicate how the process of specifying demands and needs should be documented (especially if customer statement or another document confirming this process should be signed by the customer, whether it should contain information provided by the customer or only the result of analysis, whether it should be a separate document or a part of insurance policy)
- Article 20: Insurance Product Information Document (IPID)
  - Difficulty that the IPID is not required to be published on the website of the insurance undertaking
  - Different interpretation of: 'What is not insured?' and 'Are there any restrictions on cover?'
- Article 25: Product oversight and governance requirements
  - Difficulties in applying POG due to lack of clarity (principles-based dimension) especially in the scope of understanding of what should be defined as a new product or significant change within the product
- Article 30: Suitability assessment
  - The cost/benefit analysis according to Article 9, point 7, of EU Regulation 2017/2359 does not have to be applied in the case of so called 'churning' practices, and since insurance distributors are typically not involved when switching between underlying investment assets, this rule can be challenging to interpret
- General principles

- Article 17: “Best interests of the customer” in terms of value for money for life and non-life insurance is not specified, making it hard for the market to apply the testing methodology
  - The need of more detailed guidance on how to apply the proportionality principle, existing regulations do not respond to the problems and questions of the market (e.g. whether certain requirements and obligations may not be met by distributor due to the proportionality principle)
- Third-country branches
- Remuneration and business models (agent, tied agent, managing general agent, "master broker" etc.)
- Sustainability
  - Definition of greenwashing, especially in connection with advertising
  - Advise process for non-life products as regards sustainability aspects
- “Customer” vs “consumer”: Terminology should be consistent in respect of the terms “consumer” (i.e. referring only to retail policyholders) and “customer” (covering all categories of policyholders, large corporate to retail clients). Currently these terms are used interchangeably in some sections of the Directive, which creates confusion and regulatory uncertainties

## ANNEX V: OPTIONS EXERCISED ACCORDING TO MEMBER STATE<sup>5</sup>

|  |   |
|--|---|
|  | A Member State has exercised the option when implementing the IDD |
|  | A Member State has chosen not to exercise the option              |

| IDD article              | Key aspect of the option   | AT | BE | BG | CY | CZ | DE | DK | EE | EL | ES | FI | FR | HR | HU | IE |
|--------------------------|--|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
| 20(7), subparagraph 2    | Provision of the IPID together with other information                                  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 22(1), subparagraph 2    | Information exemption for professional clients   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 22(2), subparagraphs 1-2 | Stricter information requirements and COB rules  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 22(2), subparagraph 3    | Mandatory advice for any insurance product, or for certain types of insurance products |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 22(3)                    | Remuneration restriction for any insurance product                                     |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 24(7)                    | Cross-selling  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 29(1), subparagraph 3    | Standardised information   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 29(3), subparagraphs 1-2 | Remuneration restriction for IBIPs   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 29(3), subparagraph 3    | Mandatory advice for IBIPs   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 29(3), subparagraph 4    | Independent advice   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 30(3)                    | Execution only   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |

<sup>5</sup> The table reflects the exercise of Member State options as of 27 November 2023



| IDD article              | Key aspect of the option   | IS   | IT   | LI   | LT   | LU   | LV   | MT   | NL   | NO   | PL   | PT   | RO   | SE   | SI   | SK   |
|--------------------------|--|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 20(7), subparagraph 2    | Provision of the IPID together with other information                                  | Blue | Grey | Blue | Blue | Blue | Blue | Grey | Blue | Blue | Blue | Grey | Grey | Blue | Blue | Grey |
| 22(1), subparagraph 2    | Information exemption for professional clients   | Blue | Blue | Grey | Grey | Blue | Grey | Blue | Grey | Grey | Blue | Blue | Grey | Grey | Blue | Grey |
| 22(2), subparagraphs 1-2 | Stricter information requirements and COB rules  | Blue | Grey | Blue | Grey | Grey | Blue | Grey | Blue | Blue | Grey | Blue | Grey | Blue | Blue | Grey |
| 22(2), subparagraph 3    | Mandatory advice for any insurance product, or for certain types of insurance products | Blue | Blue | Blue | Blue | Grey | Blue | Blue | Blue | Grey | Blue | Blue | Grey | Blue | Blue | Grey |
| 22(3)                    | Remuneration restriction for any insurance product                                     | Blue | Blue | Blue | Blue | Blue | Blue | Blue | Grey | Grey | Grey | Blue | Grey | Blue | Blue | Grey |
| 24(7)                    | Cross-selling  | Blue | Grey | Blue | Blue | Grey | Grey | Blue | Blue | Blue | Blue | Blue | Grey | Blue | Blue | Blue |
| 29(1), subparagraph 3    | Standardised information   | Blue | Grey | Grey | Blue | Grey | Blue | Blue | Grey | Blue | Blue | Blue | Grey | Blue | Blue | Blue |
| 29(3), subparagraphs 1-2 | Remuneration restriction for IBIPs   | Blue | Grey | Blue | Blue | Blue | Blue | Blue | Grey | Blue | Grey | Blue | Grey | Grey | Blue | Grey |
| 29(3), subparagraph 3    | Mandatory advice for IBIPs   | Blue | Grey | Blue | Blue | Grey | Blue | Blue | Blue | Grey | Grey | Blue | Grey | Blue | Blue | Blue |
| 29(3), subparagraph 4    | Independent advice   | Blue | Blue | Blue | Grey | Grey | Blue | Grey | Grey | Grey | Blue | Blue | Grey | Grey | Blue | Blue |
| 30(3)                    | Execution only   | Grey | Blue | Grey | Blue | Grey | Grey | Grey | Blue | Blue | Blue | Blue | Grey | Grey | Grey | Blue |

## ANNEX VI: RESOURCES AND POWERS OF NCAS

This Annex complements Section 3.1 and provides an additional analysis of the responses to EIOPA's survey on the resources and powers of NCAs. The figures should be interpreted with some caution as they may be based to some extent on estimates and some information provided may not be complete. Moreover, insurance markets – including the number and type of insurance intermediaries operating therein – vary significantly across Member States, as well as the supervisory structure and framework. There are, therefore, limits to the level of comparability of data.

### Resources of NCAs

#### 1. Conduct of business supervision of insurance undertakings

In order to conduct a further analysis of the resources of NCAs dedicated to the conduct of business supervision of insurance undertakings, in accordance with the IDD, the scale of insurance markets was divided into three categories, based on the GWP generated by solo undertakings for life and non-life as of end-2021: small (GWP < 5 billion Euros), medium (GWP = 5-100 billion Euros) and large (GWP > 100 billion Euros) insurance markets<sup>6</sup>:

- According to the thresholds applied, in the category of small insurance markets, the following markets are covered: BG, CY, EE, GR, HR, HU, IS, LT, LV, RO, SI, SK
  - On average, an NCA competent for small insurance markets had **2.7 FTEs** dedicated to the conduct of business supervision of insurance undertakings by mid-2023
- There are medium-sized insurance markets in: AT, BE, CZ, DK, ES, FI, IE, LI, LU, MT, NL, NO, PL, PT, SE
  - On average, an NCA competent for medium insurance markets had **6.0 FTEs** dedicated to the conduct of business supervision of insurance undertakings by mid-2023
- Large insurance markets can be found in: DE, FR, IT
  - On average, an NCA competent for large insurance markets had **11.2 FTEs** dedicated to the conduct of business supervision of insurance undertakings by mid-2023

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<sup>6</sup> Based on EIOPA's "[European Insurance Overview 2021 - Solo undertakings – Year-end 2021](#)"

2. Registration of insurance intermediaries, notification procedure and conduct of business supervision of insurance intermediaries

In order to conduct a further analysis of the resources of NCAs dedicated to registration of insurance intermediaries, notification procedure and conduct of business supervision of insurance intermediaries in accordance with the IDD, three provisional categories were developed, based on the number of registered insurance intermediaries in Member States in 2022:

- "*low*" (less than 3,000 intermediaries);
- "*medium*" (3,000 - 30,000 intermediaries) and
- "*high*" (more than 30,000 intermediaries).

It should be noted that the number of registered insurance intermediaries may be difficult to compare across Member States. For example, in some Member States, employees of insurance intermediaries and/or insurance undertakings need to be registered as insurance intermediaries, while in other Member States, such registration would not be required and, accordingly, the number of registered insurance intermediaries would be much lower.

- According to the thresholds applied, in the category of "low" number of registered insurance intermediaries are: CY, DK, EE, IE, IS, LI, LV, MT, NO
  - On average, an NCA competent for a "*low*" number of registered insurance intermediaries had **2.7 FTEs** dedicated to the registration of insurance intermediaries and notification procedure and **1.2 FTEs** dedicated to conduct of business supervision of insurance intermediaries by mid-2023
- There is a "medium" number of registered insurance intermediaries in: AT, BE, BG, FI, GR, HR, LT, LU, NL, PT, SE, SI, SK
  - On average, an NCA competent for a "*medium*" number of registered insurance intermediaries had **3.7 FTEs** dedicated to the registration of insurance intermediaries and notification procedure and **2.9 FTEs** dedicated to conduct of business supervision of insurance intermediaries by mid-2023
- A "large" number of registered insurance intermediaries can be found in: CZ, DE, ES, FR, HU, IT, PL, RO
  - On average, an NCA competent for a "*large*" number of registered insurance intermediaries had **12.0 FTEs** dedicated to the registration of insurance intermediaries and notification procedure and **12.6 FTEs** dedicated to conduct of business supervision of insurance intermediaries by mid-2023

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