

Q&A

QUESTION ID:

2338

REGULATION REFERENCE:

(EU) No 2016/97 - Insurance Distribution Directive

TOPIC:

Cross-selling (Art. 24 IDD)

ARTICLE:

Article 24

STATUS:

Final

DATE OF SUBMISSION

29 Sep 2021

BACKGROUND OF THE QUESTION:

The services of the FSMA are of the opinion that the insurance distributor has to provide information about the specific components of the package offered to the client and that the preliminary question is whether these specific components can be bought separately. However, we also believe that Art.24 IDD applies to any offer of an insurance product together with another good or service, even if this offer is a combined offer by an insurance distributor in cooperation with another firm/person (that is not an insurance distributor) that sells the other good or service. Otherwise, the scope of the protection of Art. 24 IDD would be too limited. In the example of a travel insurance policy packaged with a credit card and a payment account, the insurance product is the ancillary product/service in our view, and therefore Article 24.1 IDD does not apply. We would also like to inform EIOPA that a joint offer of a financial service and another good or service is prohibited in Belgium (with a few exceptions). After the transposition of Art. 24 of the IDD into Belgian legislation, the Belgian Insurance Law provides for an exception to the aforementioned general prohibition of cross-selling of an insurance product and another good or service (Art. 286 of the Belgian Insurance Law based on Art. 24 IDD). The interpretation of Art. 24 IDD is therefore important to determine the scope of the general prohibition.

Question

Regarding the topic of cross-selling and the interpretation of Art. 24 IDD, the FSMA proposes the following Q&A to EIOPA: a. Does Art. 24 IDD apply to any offer of an insurance product and another good or service, even if this offer is a combined offer by an insurance distributor in cooperation with another firm/person (that is not an insurance distributor) that sells the other good or service? b. When an insurance product is offered together with an ancillary product or service which is not insurance, as part of a package or of the same agreement, the insurance distributor must inform the customer whether it is possible to buy the different components separately and, if so, must provide an adequate description of the different components of the agreement or package as well as separate information about the costs and charges of each component. Does Art. 24.1 IDD also apply to cross-selling of an insurance product and an ancillary non-financial product or non-financial service?

Background of the question

The services of the FSMA are of the opinion that the insurance distributor has to provide information about the specific components of the package offered to the client and that the preliminary question is whether these specific components can be bought separately. However, we also believe that Art.24 IDD applies to any offer of an insurance product together with another good or service, even if this offer is a combined offer by an insurance distributor in cooperation with another firm/person (that is not an insurance distributor) that sells the other good or service. Otherwise, the scope of the protection of Art. 24 IDD would be too limited. In the example of a travel insurance policy packaged with a credit card and a payment account, the insurance product is the ancillary product/service in our view, and therefore Article 24.1 IDD does not apply. We would also like to inform EIOPA that a joint offer of a financial service and another good or service is prohibited in Belgium (with a few exceptions). After the transposition of Art. 24 of the IDD into Belgian legislation, the Belgian Insurance Law provides for an exception to the aforementioned general prohibition of cross-selling of an insurance product and another good or service (Art. 286 of the Belgian Insurance Law based on Art. 24 IDD). The interpretation of Art. 24 IDD is therefore important to determine the scope of the general prohibition.

EIOPA answer

Answer 1:

Article 24 applies when an insurance product is offered as a combined offer by an insurance distributor in cooperation with another firm/person (that is not an insurance distributor) that sells the other good or service. In that case the insurance distributor has to inform the customer about whether it is possible to buy the different components separately and, if so, provide an adequate description of the different components of the agreement or package as well as separate evidence of the costs and charges of each component. When the insurance distributor carries out a distribution activity through an ancillary insurance intermediary who is exempted from the application of the IDD, according to Article 1(4)(b) of the IDD, that insurance distributor has to ensure that appropriate and proportionate arrangements are in place to comply with Article 24 of the IDD.

Answer 2:

Article 24(1) of the IDD applies when an insurance product is offered together with an ancillary product or service which is not insurance. Article 24(1) of the IDD is not limited to the offering of an insurance product together with an ancillary financial product or financial service, but applies to any kind of ancillary product or service.