

Mr. Karel VAN HULLE  
Head of Unit – Insurance and Pensions  
DG Internal Market and Services  
European Commission  
B-1049 Brussels  
BELGIUM

Wednesday, 1 June 2011

**RE: Insurance Mediation Directive 2**

Dear Mr. Van Hulle,

I am writing to you further to the meeting the European Federation of Financial Intermediaries (FECIF) have had with Ms Fridely and Ms Tzvetanova on Monday 23 May 2011 on the review of the Insurance Mediation Directive.

At this meeting we were asked to provide a short motivation why in our view the sales of insurance PRIPs should remain regulated under the IMD instead of under MiFID, and why this is important for financial intermediaries across the European Union. Furthermore we were asked to provide a recommendation for recognition of foreign proof of professional qualifications within the scope of the freedom of establishment.

We are pleased to present to you our reasoning in this letter, and hope that our comments will be of assistance in the drafting of the proposal.

**Sales of insurance PRIPs**

Throughout the European Union insurance intermediaries are regulated under the Insurance Mediation Directive (IMD). This includes intermediation of cash-value life insurance and equity linked life insurance. Under the proposed review of the IMD, these products would become subject to regulation of insurance PRIPs through the Markets in Financial Instruments Directive (MiFID).

Using MiFID to regulate the sales of insurance PRIPs would strip away 30 years of industry practice. By changing the sales regime from IMD to MiFID, hundreds of thousands insurance intermediaries in 27 member states would need to re-qualify as investment advisors. Their companies would need to

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become regulated under another regulatory body, which would require additional capital adequacy levels, additional Professional Indemnity insurance, additional qualifications, and higher (or different) staffing levels. The above would apply to not just a few individuals but to the majority of the industry. The result; most practices would not survive, as a consequence of which most citizens would no longer have access to insurance PRIPs through the majority of intermediaries in Europe. Only large financial conglomerates would be in a position to offer these products to the public.

European customers for decades have been used to having access to cash life and equity linked life insurance through insurance intermediaries. The EU industry and its citizens already rely upon IMD regulated firms for such products which now will be classified as insurance PRIPs. If independent intermediaries, who are currently legislated under IMD, become regulated under either MiFID or a quasi MiFID regime, then this will mean that the promotion of insurance and savings products will fall as the number of independent intermediaries will collapse.

PRIPs could be either an insurance product or a securities product, depending on the contracting vehicle. Specifically for insurance PRIPs, when the product is wrapped as an insurance product, financial planning for consumers in insurance can remain regulated by IMD.

PRIPs should be thus covered by the IMD, realistically not only insurance PRIPs but any simple retail investment product aimed at the retail market. This would enable EU citizens to obtain all 'financial planning' in one place.

FECIF therefore fully supports the initiative of the European Commission to integrate a PRIPs paragraph into IMD 2 and for the reasons set out above to use IMD 2 to regulate the sales of insurance PRIPs.

### **Recognition of professional qualifications within FOE**

Member States shall ensure that insurance intermediaries who have proven that they have the necessary knowledge and the necessary skills and competences to carry out insurance mediation activities by means of their national qualification accredited according to EQF standards obtain a proof of professional aptitude which entitles them to get a permission and registration in the host Member State of the European Union or the EEA if all other requirements for authorization are met.

Qualification level 3 or above is required according to the EQF. Accredited national proofs of professional aptitude shall ensure that the required methodological competences have been taught in order to ensure that the intermediaries will be able to acquire the technical and legal knowledge that is indispensable to work as an insurance intermediary in a host Member State.

We hope that these comments are helpful in drafting the legislative proposal and we would be pleased to elaborate further should you require clarification on the issues raised.

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We remain at your disposal should you need any further information.

Yours sincerely,



**Vincet J. Derudder**  
FECIF Chairman



**Johannes Muschik**  
FECIF Treasurer

CC:

Ms Agnes Fridely  
Ms Aglika Tzvetanova