
Study on the impact of the revision of the Insurance Mediation Directive

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Final Report

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I. Executive Summary

Methodology in Brief

Our study combines both a quantitative and qualitative overview of the entire EU insurance market. Statistics have been collated through publically available data or from credible and reliable authorities. The data is displayed in our statistical tables inside the report, with our calculations detailed in the complete Methodology section below. We also have included analysis and qualitative assessment for each of the 27 EU states.

The core data of our qualitative assessment concerns interviews with key stakeholders across five, purposefully selected and very different EU insurance markets. We have used mathematical clustering and qualitative reference to choose these markets, and have organised the remaining member states into groups representing either quantitative or qualitative characteristics. A small selection of states, representing 3% or less of the overall EU market, has not been grouped due to either a lack of statistical data or qualitative market features.

In the five chosen member states we have conducted meetings with a minimum of five stakeholder categories, consisting of a consumer rights body or ombudsman, insurance undertakings, intermediaries, the local regulator and trade associations. In the vast majority of cases, these meetings were conducted face-to-face, sometimes lasting up to five hours in duration, and occasionally included round-table discussions with respondents. Overall we interviewed 60 participants representing 40 groups. In addition to the face-to-face meetings with stakeholders, we have also conducted phone interviews with other respondents in these countries in order to extend the depth of this report. To structure the interviews, we have made use of a questionnaire posing a number of key scenarios to respondents in order to properly frame responses. One of these scenarios was based on the CEIOPS Report¹ and the remainder based on existing concepts from other markets.

Although we do not conclude a full cost benefit analysis, we have given financial estimates from our respondents where possible to display indicative costs of implementation of discussed proposals. However, it has not been possible to similarly indicate or quantify benefits financially due to the less predictable elements involved.

Extension of Articles 12 and 13 of the Insurance Mediation Directive to Direct Writers

The extension of the articles 12 and 13 would lead to a more level playing field between intermediaries and direct writers at relatively insignificant cost. Consumer benefits to be realised from the extension will be more direct in states where the industry is less advanced, while in more mature markets consumers are likely to benefit indirectly from enhanced competition.

The extension of articles 12 and 13 generally received positive responses within the study. Stakeholders in favour of the extension were either of the opinion that it would further a level playing field between intermediaries and direct writers, or that it should be done as a point of principle, given that all insurance products should be sold the same way. Other than those firms with distance selling operations, particularly those

¹ CEIOPS Advice to the European Commission on the revision of the Insurance Mediation Directive (2002/92/EC) (EC)

in the UK², no respondent has stated that the extension would incur significant costs for undertakings. In fact many stated that the extension would be of little or no impact to direct writers, or at the very least would incur no major cost beyond registration requirements (which vary greatly between countries) as direct writers were often already adhering to many of the requirements under local regulation.

Overall we have concluded that the extension of the articles 12 and 13 would lead to a more level playing field between intermediaries and direct writers at relatively insignificant cost. Consumer benefits to be realised from the extension will be more direct in states where the industry is less advanced, while in more mature markets consumers are likely to benefit indirectly from enhanced competition.

Disclosure of the nature and source of remuneration

All the member states surveyed found a regime limited to the nature and source of remuneration to be generally acceptable and of benefit to consumers, particularly in clarifying the principle-agent relationship between the retail consumer and the seller of insurance, whether direct or intermediary.

In our discussions with respondents regarding an 'on request' regime regarding disclosure of remuneration, we posed two different scenarios. One scenario involved detailed remuneration data along the chain of intermediaries while another scenario involved a clarification on the nature and source of remuneration. These scenarios received markedly different responses.

Detailed disclosure of remuneration values was largely rejected as it was believed that this type of remuneration data would be superfluous and confusing to customers. Other issues also became apparent. Chief among these was the question whether direct writers would have to match the disclosure of intermediary remuneration with disclosure of their distribution cost. To do otherwise would appear likely to distort the market as it may give the impression that one sales channel was in effect 'cheaper' than another. Even if direct writers were to disclose distribution costs, finding a common and verifiable method of fair calculation across all member states would be a formidable barrier. Additionally, a number of research reports³ on the effects of disclosure commissioned by various industry stakeholders in the UK cumulatively revealed little or no benefit to consumers to learn the commission earned by the salesperson in the transaction.

² Distance selling was deemed to be out of scope for this impact analysis due to the fact that it would be addressed in the Distance Marketing Directive (DMD). In the UK, however, both IMD and DMD elements are combined in the ICOBS framework. This means that an extension of articles 12 and 13 of the IMD to direct writers is likely to impact on distance selling (as it did under the previous UK transposition when direct writers were automatically included). See Directive 2002/65/EC of the European Parliament and the Council of 23 September 2002 concerning the distance marketing of consumer financial services and amending Council Directive 90/619/EEC and Directives 97/7/EC and 98/27/EC, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2002:271:0016:0024>:EN:PDF and also <http://fsahandbook.info/FSA/html/handbook/ICOBS/3/Annex2> where the existing distance marketing regulations for the UK market are outlined.

³ The following research documents were recommended to us by various stakeholders in the UK market: ABI Research Paper, Impact of commission disclosure in general insurance personal lines, Analysis of the motor and travel insurance markets, Report from Charles River Associates, 2010, General Insurance Disclosure Research, Research Report prepared for Financial Services Authority by IFF Research Ltd 17 July 2008, Information versus Persuasion: Experimental Evidence on Salesmanship, Mandatory Disclosure and the Purchase of Income and Loan Payment Protection Insurance David de Meza, Bernd Irlenbusch, Diane Reyniers, London School of Economics, November 2007, SME Insurance, Commission Report, Research carried out by NMG Financial Services Consulting, November 2008

By contrast, all the member states surveyed found a regime limited to the nature and source of remuneration, including services and general distribution matters⁴, to be generally acceptable and of benefit to consumers, particularly in clarifying the principle-agent relationship between the retail consumer and the seller of insurance, whether direct or intermediary. Additionally, no significant costs were associated with the implementation of this policy. There were, however, some criticisms. These predominantly addressed disclosure of general distribution matters (which most respondents believed would simply confuse retail clients) and the applicability of binding authorities (not relevant to certain retail markets). It was also stated by a number of respondents that the scale of impact would be limited if the disclosure was 'on request' only. General responses received across all markets supported this argument, with most respondents stating that consumers would simply not ask. This view was also supported by the experience of the UK market.

Two submissions from industry support a compromise solution, consisting of BIPAR (the European Federation of Insurance Intermediaries) and the CEA (the association of insurance undertakings), who both suggested in their submissions to the Commission that those selling insurance should engage in the mandatory disclosure of the 'form and source' or 'nature' of remuneration⁵.

Enhanced Conflicts of Interest regime

It was notable that the most common conflicts of interest to be cited by respondents' concerned remuneration of the salesperson and the salesperson's relationship to the consumer i.e. who does the salesperson represent?

Similar to our investigation of remuneration issues we looked at two different options from the spectrum of conflicts of interest management. In our discussions with respondents we discussed the banning of commission on sales of insurance as one potential solution, and a MiFID style mandatory disclosure of all conflicts of interest as a contrasting solution⁶. Although diverse opinion was expressed, particularly on the ban, the majority view of participants was that both of these scenarios would be inappropriate.

Discussions with stakeholders revealed that, in most cases, respondents were opposed to a passive regime involving additional disclosure to clients (e.g. listing conflicts of interest and presenting the information to clients to make the final decision) as this would mean providing clients with information that would not necessarily assist them in making a purchasing decision. Also, the act of gathering and disclosing all conflicts of interest might be excessively onerous, particularly on smaller intermediary firms, and could be difficult to put in place in practice. Similarly, most respondents believed that a ban on commission was an extreme move that would lead to greatly reduced competition and choice for clients. Most intermediaries would withdraw from the market, either becoming paid employees or leaving the industry completely.

⁴ The concept was intended to address the nature of remuneration (based on a fee, commission or salary), source (whether financed directly by the client or an undertaking), and what the premium encompassed in terms of services globally (claims handlings, advices, administration etc.)

⁵ There is some element of difference between the submissions as the CEA uses the phrase 'automatic disclosure' while BIPAR refers to intermediaries informing customers before the conclusion of a contract. See BIPAR Response, European Commission's Consultation document on the Review of the Insurance Mediation Directive (IMD), February 2011, and CEA response to the European Commission's consultation on the review of the Insurance Mediation Directive (IMD), 28 February 2011, http://circa.europa.eu/Public/irc/markt/markt_consultations/library?l=/financial_services/insurance_directive&vm=detailed&sb=Title

⁶ See Article 18 of Directive 2004/39/EC of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC (otherwise known as MiFID) <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2004:145:0001:0044:EN:PDF>

It was, however, notable that the most common conflicts of interest (although not the only ones) to be cited by respondents' concerned remuneration of the salesperson and the salesperson's relationship to the consumer i.e. who does the salesperson represent? This was deemed to be of particular importance where business models may give the impression of fair analysis where it did not in fact exist, or where non-traditional business identities and logos were used. In both cases it was believed to be to the customer's detriment to be unaware of the nature of the relationship between the salesperson and the consumer or undertaking.

Findings

Much of the difficulty of harmonising the EU's retail insurance industry involves the highly fragmented nature of the sector and the very different legal frameworks, business models and levels of maturity within member states. Excessively detailed disclosures – whether of remuneration, distribution costs or conflicts of interest – were not broadly supported by participants to the study (although investment products were generally understood to require more disclosure than non-investment products). On a granular level most participants believed that the implementation of policies of this nature would be problematic, potentially market distorting and ultimately superfluous to the needs of the consumer.

However, over the three areas of focus for the study we see that the extension of articles 12 and 13 of the original directive, and the introduction of a mandatory regime of disclosure regarding the nature and source of remuneration, appear to fulfil the greatest benefit for the least market disruption and cost. The implementation costs to direct writers and intermediaries do not appear to be significant, and, while the direct benefits to clients may be low in the surveyed countries due to existing levels of consumer protection, these benefits can be expected to be much higher in countries where the insurance industry and consumer rights regimes are less advanced.

Additionally, it appears that a mandatory regime of disclosure may be able to additionally address the major conflict of interest concerns inherent to the sales transaction. These are the nature of any remuneration earned through the sales transaction and how this may be influencing the sale taking place, and whether the relationship between the salesperson, the client and the undertaking is of broader significance to the transaction. These issues, and issues directly linked to these matters, were the most commonly cited conflicts of interest by respondents to our survey. It is also significant that many respondents, regardless of whether they were intermediaries or direct writers, were more than happy for consumers to understand their status within this framework.



Summary – Extension of articles 12 and 13 of the IMD to direct writers

Summary Rating: Positive

Positive

Clients:

- The extension of Articles 12 and 13 of the IMD should result in varying increases to policyholder protection.
- Any benefits to policyholder protection will be in the context of the existing consumer protection in that member state.
- The extension of the articles should lead to a greater consistency of information and higher standards for clients regardless of the distribution channel.
- Depending on the existing market structure, consumers may also expect some indirect benefits related to increased market competition.



Market Players:

- The impact to industry in the member states will be dependent on the existing regulatory framework created by the transposition of the original IMD. However, in the surveyed member states, the costs related to the extension were considered to be low overall.
- The most likely areas of cost will be registration and training requirements.
- There will be further progression towards a level playing field between intermediaries and direct writers.
- No significant structural changes to any markets are expected by the extension of articles 12 and 13.



Summary – ‘On request’ disclosure of amount or percentage of remuneration

Summary Rating: Neutral/Negative

Neutral/
Negative

Clients:

- Several market studies have been carried out within the UK on the effects of remuneration disclosure and none have returned evidence of significant benefit for the customer. The majority of respondents across the surveyed member states also believed that an ‘on request’ regime would have little or no effect.
- Products with low premiums and high remuneration may be rejected by clients despite the value of the coverage.
- While remuneration information may allow clients to deal with potential conflicts of interest, it is dependent on the context and comparability of information and products.



Market Players:

- Depending on the disclosure required and nature of the market, the costs of implementing a system to carry remuneration data could be very high.
- Intermediaries would be disadvantaged in contrast to direct writers and bancassurance.
- Fair comparison between the cost of intermediaries and direct writers will not be achieved.



Summary – ‘On request’ disclosure of nature and source of remuneration

Summary Rating: Positive

Positive

Clients:

- Would offer higher transparency regarding the nature of the intermediary’s remuneration and would provide clarity with regard to the principal-agent relationship, including how this may impact on advice.
- Discussion of distribution costs would be superfluous to the transaction and could confuse clients.





Market Players:



- Implementation of this policy would not be onerous for any distribution channel.
- Distribution channels generally wish to promote their market differentiation (e.g. market independence regarding advice, or sales without intermediaries)



Summary – Enhanced conflicts of interest via a ban of commission on sales of all insurance products

Summary Rating: Negative		Negative
Clients: <ul style="list-style-type: none"> Costs of extensive market restructuring likely to be borne by clients in the long run. Foreign companies would have difficulty entering national markets, and consumer choice would suffer regarding product range. A ban on commission may lead to a decrease in the insurance coverage of the less affluent as they may not be able or willing to pay a fee for advice. Premiums would be likely to go up. 		
Market Players: <ul style="list-style-type: none"> Administration costs would go up for brokers as they would have to bill separately for advice and would not be able to centralise costs with undertakings. Many brokers and intermediaries would leave the market or would attempt to convert to paid salespeople, leading to internalization and greater fixed costs for direct writers. The increase in sales volumes for direct writers may not compensate the loss of activity generated by their network of intermediaries. Indigenous firms would enjoy a clear advantage over foreign firms as the latter often use intermediaries to market their products. As direct sales sector would not be affected by a ban, it would stand to gain from increased business from lack of competition, and from the absorption (internalisation) of brokerage and agency portfolios. 		

Summary – Enhanced conflicts of interest via MiFID-style conflicts of interest disclosure on all insurance products

Summary Rating: Neutral/Negative		Neutral/ Negative
Clients: <ul style="list-style-type: none"> Extensive disclosure of conflicts of interest would not be beneficial to clients in commoditised insurance product sales. Increasing the number of documents and/or the complexity of the documents provided to clients may be counterproductive as clients may neither read nor understand the content or its significance. However, more specific disclosure of an intermediary's commercial relationship to financial services groups, plus their roles or functions may be beneficial to clients. 		
Market Players: <ul style="list-style-type: none"> Smaller intermediaries would be disadvantaged by a regime whereby they were required to disclose all conflicts of interest on an ongoing basis. Larger organisations would benefit from economies of scale in administration and governance regimes and would therefore be impacted less. The regime would add additional costs which would fall disproportionately on smaller organisations and intermediaries. 		

II. Context

For a single insurance market to function, insurance intermediaries must be able to conduct their activities freely throughout the European Union (EU) and establish and provide services in accordance with the principles of the single market. The European Commission recognises that insurance intermediaries are vital to the process of selling insurance products in the EU, and play a fundamental role in safeguarding the interests of insurance customers. Additionally, the European Commission recognises that the interests of consumers and service providers must be properly protected. The Insurance Mediation Directive (IMD) was adopted in 2002 to set up a legal framework which ensures a high level of professionalism and competence among insurance intermediaries while guaranteeing a high level of protection of customers' interests.

As the original IMD did not include the direct sales of insurance products in its scope, it is possible that this may have led to an unfair playing field for other sellers of insurance products (e.g. brokers, agents, bancassurance, retail and leasing outlets offering insurance as an ancillary product with primary sales). Furthermore, the application of the directive varies considerably between EU countries⁷. Against this background, a revision of the IMD is intended. In the framework of this revision, the European Commission is looking for evidence on what the impact may be of:

- I. An extension of the scope of the IMD to direct writers;
- II. The introduction of an 'on request' regime in relation to remuneration; and
- III. The formulation of new conflict of interests' rules for all distributors of insurance products.

⁷ See for example Comparative Implementation of EU Directives (III) – Insurance Mediation, CRA International, May 2007

III. Objectives and scope of the study

High Level Objectives

In order to assist the Commission to determine the most appropriate strategy to further its policy of realising a level playing field and enhanced consumer protection in the area of insurance mediation, it was intended that the study should:

- Gather detailed quantitative data on the relevant insurance sales channels, their specificities and their customer base.
- Gather factual evidence which could inform the decision on whether and how to extend the scope of the IMD to direct sales of insurance products.
- Improve the understanding of the EU insurance market and facilitate a deeper knowledge of its structure and functioning.
- Assess the benefits and costs of potential changes to the IMD.
- Analyse the differences between investments packaged as life insurance policies (insurance PRIPs) and other categories of insurance products.

Defined Objectives and Scope

The broader objectives of the study were to be realised via the execution of two specific research tasks. These were, respectively, to:

- Provide the Commission services with quantitative analysis on market shares of various distribution channels of relevant insurance products.
- Assess the impacts of extending the current articles 12 and 13 of the IMD to direct writers, of introducing an 'on request' regime in relation to remuneration and new conflicts of interest rules for all distributors of insurance products

In relation to these objectives, the Commission defined the overall parameters in relation to parts A and B, as follows:

Quantitative analysis

The Commission wanted to determine the following quantitative data across the 27 EU Members States for the years 2007, 2008 and 2009 (if available):

- Value of premiums written (or number of individual policies) of insurance intermediaries and direct writers by classes of insurance products (broken down into 'non-life', 'life' and if possible 'life with investment element' categories) across the 27 EU members states from 1 January 2007 to 31 December 2008
- Value of premiums written (or number of individual policies) of insurance intermediaries and direct writers by type of customer, (retail, small and medium size enterprise and business customers);

-
- Number of insurance undertakings and their employees engaged in direct sales.

Based on this data, the Commission requested a thorough quantitative analysis of the features of the distribution of the insurance products and the structure and functioning of insurance market across the specified members states. Comprehensive and analytical tables showing the result of the quantitative analysis would also be provided to the Commission.

Impact analysis

In order to assess the impact of the revision of the IMD, an in-depth study has been carried out on the following Member States:

- Belgium;
- Finland;
- France;
- Germany;
- United Kingdom.

In relation to those Member States, the Commission requested that the following be undertaken:

- Analysis of the impacts of the extension of conduct of business rules requirements contained in Article 12 and 13 of the IMD (as the Directive is currently worded) to direct writers, to provide data on the potential direct costs (ongoing and one-off) and potential benefits for the insurance undertakings and the main stakeholders;
- Analysis of the possible impacts of introducing an 'on request' regime in relation to remuneration of insurance distributors into the future IMD based on questions formulated by the Commission services. The study will provide data on the potential direct costs (ongoing costs and one-off) and potential benefits for all sellers of insurance products and for the main stakeholders;
- Analysis of the possible impacts of introducing higher level of conflicts of interest rules for insurance distributors into the future IMD based on questions formulated by the Commission services. It is intended that the study will provide data on the potential direct costs (ongoing and one-off) and potential benefits for all sellers of insurance products and for the main stakeholders.

Identification of potential impact areas

In order to assess the impact of the revision of the IMD, we have considered the following impact areas and questions:

Impact on clients

As a high level of consumer protection for all retail clients buying insurance products is a critical objective for IMD, we attempted to take into account the following questions:

- Will the proposed changes affect policyholder protection?
- Will the proposed changes lead to a reduction in consumer choice?
- Will the proposed changes affect the prices clients pay?
- Will the proposed changes change the quality of the insurance products?
- Will the proposed changes make the clients better informed?
- Will the proposed changes affect clients understanding?

- Will the proposed changes affect the demand for insurance products?
- Will the proposed changes affect access to insurance products?

Impact on distribution channels

As functioning distribution models and the provision of insurance products to retail consumers are key to the success of the European insurance industry, we have also considered the impact of proposed changes to the IMD on the overall functioning of the market. Key concerns included:

- Will the proposed changes affect the performance of certain distribution channels?
- Will the proposed changes lead to more or less market concentration?
- Will the proposed changes create barriers for new entrants?
- Will the proposed changes lead to an advantage or disadvantage for any specific distribution channels?

Impact on market players

Finally, we took into consideration the effect of the proposed changes to the IMD on market players and their diversity.

- Will the proposed changes impose additional costs (IT cost, marketing materials, training requirements, compliance costs...)?
- Will the proposed changes impose additional risks (e.g. regulatory risks)?
- What will be the impact of these burdens on small players?
- Will it lead to increased or decreased opportunities for market players?

Scenarios posed to participants

A number of scenarios were proposed.

1. The extension of articles 12 and 13 to direct writers based on the articles as currently worded.
2. Two scenarios on remuneration were offered. One in which only the nature and source of remuneration is disclosed, the second in which the value of commission paid along the chain of intermediaries is disclosed. Both scenarios were 'on request' and were derived from the CEIOPS advisory document⁸.
3. Two scenarios on conflicts of interest were utilised. The first required a mandatory disclosure of identified conflicts of interest and was derived from MiFID⁹. The second involved a ban on commission for intermediaries and was based on the UK's Retail Distribution Review (RDR)¹⁰.

In each case the respondents were asked to consider the scenario in isolation and as completely replacing any existing regime. Scenarios were applied universally and not on a product or channel level (with the exception of the extension of articles 12 and 13). We also employed an iterative approach whereby proposals, suggestions or comments from some participants were discussed with other stakeholders, both within that member state and with participants of other member states.

⁸ CEIOPS Advice to the European Commission on the revision of the Insurance Mediation Directive (2002/92/EC) (EC)

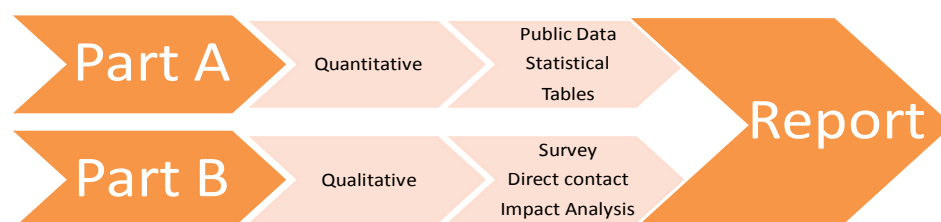
⁹ See Article 18 of Directive 2004/39/EC of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC (otherwise known as MiFID) <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2004:145:0001:0044:EN:PDF>

¹⁰ See the FSA's web pages regarding RDR, <http://www.fsa.gov.uk/pages/About/What/rdr/index.shtml>

IV. Methodology and Approach

The project consists of two distinct data streams, respectively comprising quantitative and qualitative data collection and analysis.

In the first stream (part A) statistical data regarding market sizes, specific sales volumes, value ranges regarding costs and market trends were gathered from reputable, publically available sources. This data has been reinforced by qualitative data from similar sources focusing on the structure of specific insurance markets across the EU.



In the second stream (part B) further qualitative data for five selected markets has been derived from questionnaires and one-to-one feedback with stakeholders and authoritative industry analysis. The questionnaire itself was the primary vehicle for structuring the data gathering in this stream.

The specific methodologies for both streams are discussed in detail below.

Part A: Quantitative analysis

We have assembled a broad array of quantitative market data and information at Member State level to help the Commission have a better understanding of the insurance market and a deeper knowledge of its structure and functioning.

Methodology

For each of the 27 Member States, where possible we have provided data on:

- Market sizes;
- Distribution channels;
- Insurance undertakings;
- Insurance sales employees.

The data provided was for the years 2006, 2007, 2008 and 2009 (if available) to cover any potential evolution of the market after the IMD entered into force. In our report we also make use of longer timelines to distinguish more established market trends, which otherwise may be confused with the effects of IMD implementation. It is also occasionally necessary to make use of longer timelines to draw meaningful contrast between prior and current market conditions.

Data Collection and creation of Tables for each of the EU27

Our primary sources of quantitative data for the EU insurance market across the 27 members were the following organisations:

- **CEA (*Comité Européen des Assurances*)**

The CEA is the European insurance and reinsurance federation. Through its 33 member bodies, who are the respective national insurance associations, the CEA represents all types of insurance and reinsurance undertakings, including pan-European companies, monoliners, mutuals and SMEs. The CEA represents undertakings that account for around 95% of total European premium income. The CEA website offers extensive statistical data.

- **EIOPA (European Insurance and Occupational Pensions Authority)**

EIOPA replaced CEIOPS (the Committee of European Insurance and Occupational Pensions Supervisors) as the main insurance supervisory body in the European Union. EIOPA is part of the European System of Financial Supervision consisting of three European Supervisory Authorities and the European Systemic Risk Board. It is an independent advisory body to the European Parliament, the Council of the European Union and the European Commission. EIOPA's core responsibilities are to support the stability of the financial system, transparency of markets and financial products as well as the protection of insurance policyholders, pension scheme members and beneficiaries. EIOPA has extensive statistical data (contained in the Statistical Annex Insurance) for the date range of the study.

- **Eurostat**

Eurostat is the statistical office of the European Union situated in Luxembourg. Its task is to provide the European Union with statistics at European level that enable comparisons between countries and regions. We have relied upon Eurostat for GDP and Population data for the member states.

- **National Regulators**

For each member state we have accessed (where available) either the national regulator or the ombudsman's annual report (or similar) for statistical data on the number of complaints made in the relevant market.

Data Collection and creation of Tables

- Macroeconomic data – GDP and Population;
- Largest five undertakings (in 2008);
- Total number of Intermediaries;
- Market overview, covering premiums, distribution channels, employees and sales force employees, number of domestic and foreign undertakings, concentration ratio and market share of five and ten largest undertakings. These headings also cover the life and non-life markets respectively, with additional data on contract types (group, individual and ancillary);
- Complaints data;

Market Data Analysis

Based on the available quantitative data, we have conducted an analysis of each of the member states which present key features of the distribution of insurance products and the structure and functioning of the insurance market. Where relevant the analysis focuses on the following:

- Main EU insurance markets;
- Similarities and differences in the structures of insurance markets across EU Member States;
- Main distribution channels;
- Recent evolution in the distribution of insurance products.

The data was analysed at the member state level, with a single overview for an EU level analysis. As the study focuses on three areas which impact directly on distribution, the major trends of interest were:

- Growth of specific channels;

- Growth of number of undertakings and intermediaries in the market,
- Growth of average premiums per capita; and
- Growth of the overall market (although the financial crisis has clearly impacted heavily here).

What we have attempted to establish in each case is the specific dynamic of each market in question, specifically growth factors and whether there is competition between operators and channel types.

Specific Data Sources and Notes

The following data has been represented or used in the following format:

- GDP - Expressed as millions of Euros in nominal terms - Source: Eurostat;
- Population - Expressed in thousands of people - Source: Eurostat;
- Largest undertakings - Largest undertakings ranked by market share - Source: CEA;
- Total premiums - Expressed as millions of Euros - Written by insurers before deductions for reinsurance and ceding commissions (gross terms) - Source: CEA;
- Distribution channels (direct writers, agents, brokers, bancassurance, other) - Expressed as a percentage - Premiums of the distribution channel divided by the total premiums and multiplied by 100 - Source: CEA;
- Number of employees in assurance companies - Single numerical value - Source: CEA;
- Total number of undertakings - Single numerical value - Source EIOPA;
- Concentration ratio (CR) in % of total gross written premiums in the domestic sector - Market share of the top five or ten expressed as a percentage of the total market - Source EIOPA;
- Contracts (number) - Single numerical value - Source: CEA;
- Individual contracts - Expressed as a percentage - Number of individual contracts divided by the total number of contracts and multiplied by 100. Contracts in question are on an individual and optional basis taken out directly from the insurance undertaking or its representative or via an association or a group set up for insurance purposes (open group) - Source: CEA;
- Group contracts - Expressed as a percentage - Number of group contracts divided by the total number of contracts and multiplied by 100. Contracts in question are (including loan contracts) compulsory or optional membership taken out by the company or its representative for the benefit of workers and contracts taken out by a financial body for loans against death (loan contract) - Source: CEA;
- Unit-linked individual contracts - Expressed as a percentage - Number of unit-linked individual contracts divided by the total number of contracts and multiplied by 100 - Contract for which the amount of cover and premiums are expressed as terms of investment units such as shares in unit trusts or building societies - Source: CEA;
- Ancillary contracts - Expressed as a percentage - Number of ancillary contracts divided by the total number of contracts and multiplied by 100 to get a percentage - Contract linked to the primary contract providing for example the payment of a lump sum in the event of accidental death, or allowances or annuities in the event of incapacity for work or invalidity and included in the accounts by the life company - Source: CEA;
- Composite - Expressed as a number of undertakings - Source EIOPA;
- Complaints - Expressed as a number of complaints - taken from the available annual reports published by national regulators - Source: National regulators, specific citations are used on tables and/or in footnotes.

Equations used in course of quantitative research

The following equations have been used in the course of analysing the quantitative data:

- EU values
 - Average EU premium per capita – Total premiums for EU27 from CEA divided by total population for EU27 from Eurostat;
 - Average EU insurance penetration – Total premiums from EU27 expressed as a percentage of total EU GDP.
- Growth is calculated as either:
 - a single Euro value between two dates (e.g. total premiums from 2006 versus total premiums in 2009) via simple subtraction of the older value from the new value;
 - A percentage value calculated by the subtraction of the older value from the newer value, with the result divided by the older value. This gives the percentage baselined against the older value.
- The following key ratios have been displayed:
 - Total premiums to GDP ratio - Expressed as a percentage - Total premiums divided by the GDP and multiplied by 100 - Source: CEA;
 - Life premiums to GDP ratio - Expressed as a percentage - Life premiums divided by the GDP and multiplied by 100 - Source: CEA;
 - Non-life premiums to GDP ratio - Expressed as a percentage - Non-life premiums divided by the GDP and multiplied by 100 - Source: CEA;
 - Number of life contract to total population ratio - Expressed as a percentage - Number of life contracts divided by total population and multiplied by 100 - Source: CEA;
 - Average total premiums per capita - Expressed as a percentage - Average total premiums divided by the total population and multiplied by 100 - Source: CEA;
 - Average life premiums per capita - Expressed as a percentage - Average life premiums divided by the total population and multiplied by 100 - Source: CEA;
 - Average Non-life premiums per capita - Expressed as a percentage - Average non-life premiums divided by the total population and multiplied by 100 - Source: CEA;
 - Life premium to total premiums ratio - Expressed as a percentage - Life premiums divided by the total premiums and multiplied by 100 - Source: CEA.

Currency differences have not been taken into account as the majority of data from our sources has been presented in Euros. Furthermore, without knowing the specific date at which the non-Euro currency data has been gathered, it would not add value to perform a new currency conversion.

Part B: Qualitative Assessment

Under Part B of the study we assessed the impact of the extension of the current articles 12 and 13 of the IMD to direct writers and the introduction of both an 'on request' regime in relation to remuneration and new conflicts of interests' rules for all distributors.

The impact analysis focuses on key areas including the following categories: pricing; sales and distribution channels; business models; compliance costs; market entry implications; overall consumer welfare or detriment. It is also our objective to identify direct costs (ongoing and one-off) and benefits for stakeholders.

Choice of member states in which to conduct interviews

For the qualitative assessment the following countries were chosen as appropriate markets from which to draw respondents:

- Belgium – This is an important brokerage market, especially on the non-life segment of the market, and already covers direct sales with the requirements for registration. Articles 12 and 13 of the IMD have been extended to direct writers in Belgium.
- Finland – Finland has been included as an example of a smaller market which has implemented a ban on commissions, offering valuable impact analysis data.
- France – The French market has been included as it is the main bancassurance market in Europe and one of the larger EU markets. Furthermore, it also has existing requirements on disclosure of conflicts of interest regarding dependency ratios.
- Germany – German sales channels make extensive use of acquisition commissions and it has a large agent distribution channel. It is also one of the largest EU insurance markets.
- United Kingdom – The United Kingdom is the biggest insurance market in the EU, and direct writers were previously subject to articles 12 and 13 before this was rolled back. The UK market also has extensive disclosure requirements.

Current Status of IMD articles 12 and 13 in chosen member states	
Belgium	Articles 12 and 13 currently apply to direct writers
Finland	Articles 12 and 13 apply to intermediaries only
France	Articles 12 and 13 apply to intermediaries only
Germany	Articles 12 and 13 apply to intermediaries only
United Kingdom	Articles 12 and 13 apply to intermediaries only, however the articles originally applied to direct writers before being rolled back in 2007

These five selected countries accounted for 62% of the EU insurance market in terms of gross written premiums at end-2009 (66% of the EU life-insurance market and 56% of the EU non-life market).

Other countries were not selected due to similarities with at least one of the selected countries. For example, none of the Central and Eastern European member states were included due to their resemblance to the characteristics of the markets given above.

We have divided the member states into five broad categories based on their specific characteristics, of which the first four categories represent between 97% (non-life) and 99% (life) of the total EU insurance market.

The first three groups of countries have been constructed according to the correlation of the distribution channel shares of those countries¹¹ (please refer to the matrix of correlation in Appendix 4).

The fourth group has been constructed based not on distribution channel breakdown (in many cases not available), but instead on the specifics of the regulatory environment and market trends.

Those countries which cannot be grouped (either due to a lack of distribution data or a qualitative factor) represent a very small percentage of the overall EU market, respectively 1% and 3% of the life and non-life insurance markets in the EU only.

¹¹Where the distribution data was available, countries were allocated to a group when the coefficient of correlation (with one of our five selected countries) of their distribution channel breakdown was above 0.7.

Five cluster groups for the life-insurance market in the EU

Life-insurance	Group 1 (life)	Group 2 (life)	Group 3 (life)	Group 4 (life)	Group 5 (life)
Surveyed countries	UK	France, Belgium	Germany	Finland	-
Similar countries	Ireland*, Bulgaria*	Austria, Italy, Malta, Poland, Portugal, Spain	Netherlands, Slovenia, Luxembourg**	Denmark, Estonia, Latvia, Lithuania, Sweden	Slovakia***, Cyprus**, Czech Republic**, Greece**, Hungary**, Romania**
Nb of countries	3	8	4	6	6
% of total EU gross written premiums	26%	47%	18%	7%	1%

* Correlation is low at around 50%. Direct writers in Ireland and Bulgaria also have a large market share in the life-insurance market. ** No breakdown by distribution channel available. *** The Slovakian life-insurance market is dominated by direct writers

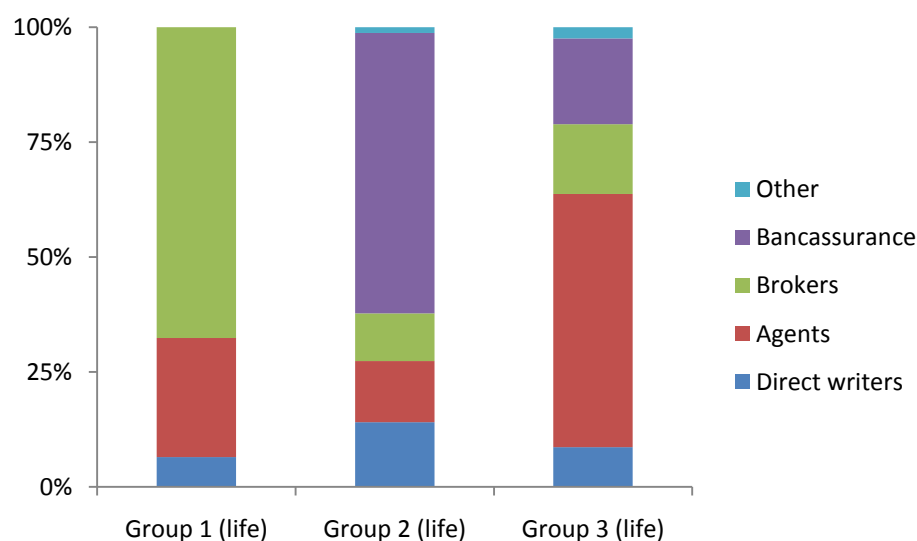
In our analysis of the distribution channels we have differentiated between the life and non-life segments of the market as the distribution channel breakdown may differ in those two segments for a given country. For example, brokers dominate both the life and the non-life segments in the UK, while agents dominate both segments in Germany.

However, in other states the life and non-life categories may be dominated by different distribution channels, for example in Belgium life-insurance products are largely distributed by bancassurance while non-life products are mainly distributed by brokers.

For the life-insurance market, our five selected countries are representative of the four different distribution systems which together account for 99% of the total life gross written premiums in the EU and 88% of the union's population.

The following graph illustrates the distribution channel share of the first three groups of countries.

Three main distribution channel models for the life-insurance market (weighted average)



Source: CEA, PwC analysis

The first group is composed of three countries representing approximately 26% of the EU life-insurance market. This group illustrates the UK model where the distribution is mainly driven by brokers with a 68% market share.

The second group is composed of eight countries representing 47% of the EU life insurance market and has a high distribution of products via bancassurance.

The third group is composed of four countries representing 18% of the EU life insurance market. Agents dominate the distribution of non-life insurance products in this group, as typified by Germany.

For the non-life insurance market, our five selected countries are representative of four different distribution systems which together account for 97% of the total life gross written premiums in the EU and 93% of the union's population.

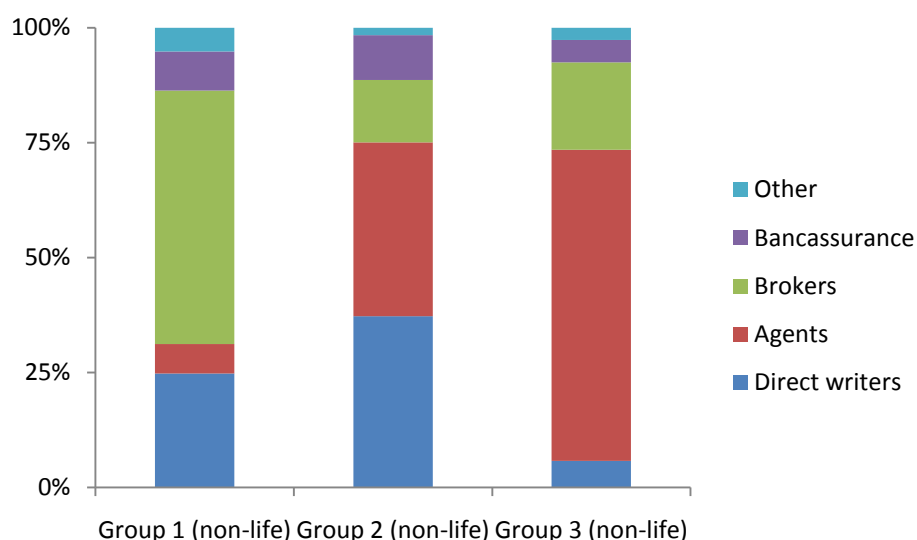
Five cluster groups for the non-life insurance market in the EU

Non life-insurance	Group 1 (non-life)	Group 2 (non-life)	Group 3 (non-life)	Group 4 (non-life)	Group 5 (non-life)
Surveyed countries	UK, Belgium	France	Germany	Finland	-
Similar countries	Austria, Ireland	Bulgaria, Netherlands, Slovakia, Spain	Italy, Luxembourg, Poland, Portugal, Slovenia, Romania	Denmark, Estonia, Latvia, Lithuania, Sweden	Cyprus**, Czech Republic**, Greece**, Hungary**, Malta**
Nb of countries	4	5	7	6	5
% of total EU gross written premiums	20%	39%	35%	4%	3%

**No breakdown by distribution channel available.

The following graph illustrates the distribution channel breakdown of the three main groups of countries.

Three main distribution channel models for the non-life insurance market (weighted average)



Source: CEA, PwC analysis

The first group is composed of four countries representing approximately 20% of the EU non-life insurance market. This group illustrates markets where the distribution is mainly driven by brokers.

The second group is composed of five countries representing 39% of the EU non-life insurance market. For this group, the distribution of non-life insurance products is a balance between agents and direct writers, as is the case in France.

The third group is composed of seven countries representing 35% of the EU non-life insurance market and is dominated by agents (for example Germany, where 60% of non-life products are sold through this channel).

List of key stakeholders

We assembled a list of relevant respondents from the selected member states to form the core of the qualitative survey sample. These respondents were drawn as closely as possible from each of the following six categories: Local Insurance Regulator(s), Insurance Undertakings (it is intended that a minimum of two respondents are drawn from this category), Insurance Intermediaries (e.g. insurance brokers and agents), Consumer Association (or similar advocate) and Insurance Industry Representative Bodies. Our justification for this selection is as follows:

- **National Regulators**

The national regulator will have input into the transposition of any changes or expansion of the directive, and will be responsible for the overall supervision at member state level of compliance with the directive. They will therefore be impacted significantly.

- **Consumer Association (or similar advocate)**

Consumer authorities fulfil a vital function in terms of representing consumer rights and acting as a lobby for consumer interests. However, the structure of consumer agencies can vary broadly across member states, and due to their wide remit, not all the agencies have fully developed expertise on any specific aspect of the consumer market. We have also considered the (Insurance) Ombudsman to be a suitable spokesperson on the retail insurance market.

- **Insurance Undertakings**

Insurance undertakings will be directly impacted by any extension of IMD in the discussed areas, and as such comprise a focal part of the study.

- **Insurance Intermediaries**

Insurance intermediaries are a major source of information on the extension of IMD to direct writers due to being previously captured. They will also be directly impacted by other considered changes to the IMD regarding distribution practices and therefore, comprised a focal part of the study.

- **Trade Representative Body for Undertakings**

The trade bodies for undertakings were contacted so that the broader industry of insurance undertakings in the member state could have their views represented. This gave an opportunity to consider a wider range of opinion.

- **Trade Representative Body for Intermediaries**

The trade bodies for intermediaries were best placed to speak on behalf of the broader intermediary market, particularly smaller brokers and agencies who are too numerous to contact or to draw a representative sample from within the confines of this study.

Creation of focused questionnaire

A questionnaire (please refer to Appendix 1) was the primary vehicle to structure interviews with respondents and utilised open and closed questions, statements to which the respondent must agree or disagree and questions which required ranked responses. This required respondents to deliver relevant feedback in a combination of structured replies and open-ended, descriptive answers.

Selection of Scenarios

Five scenarios were posed to respondents. The first involves articles 12 and 13 of the IMD as currently written being extended to direct writers. For remuneration, one scenario was drawn from the CEIOPS advisory document¹², while another scenario based on the nature and source (as opposed to detailed values) of remuneration was also posed. For scenarios in relation to conflicts of interest we were aware that principles in MiFID would be a starting point. This posed a problem however, as MiFID is a particularly broad area with an open debate on how best it could be applied to the insurance industry (if at all). Therefore we decided to use one scenario based on the current UK regime whereby intermediaries must become fee-charging advisers, and one scenario based loosely on MiFID disclosure policies. Neither of these scenarios were product or channel specific. More specific MiFID related questions were posed subsequently to compliment this approach. We additionally asked respondents to describe existing conflicts of interest regimes in their own jurisdictions and to comment on those.

Limitations of study

Due to the fact that the EU insurance market is highly fragmented, a number of issues over which we had no control are likely to have affected the source data. These include, but are not limited to:

- Data discrepancies in relation to distribution activities, including unreliable or inconsistent capture of hidden insurance intermediaries and unregistered insurance consultants.
- Limited level of granular information regarding policyholders across member states.
- Variances in disclosure regimes required from member state to member state, and inconsistent usage of terminology and categorisation.
- Difficulty of validating original data from third party sources.
- Difficulty of validating opinions expressed by trade bodies with the broader membership which they represent.
- With the occurrence of the financial crisis during the period considered for the study, it may not be always possible to distinguish between the market effects directly attributable to the IMD and those attributable to the financial crisis and other factors.

¹² CEIOPS Advice to the European Commission on the revision of the Insurance Mediation Directive (2002/92/EC) (EC)

V. Impact Analysis

Impact analysis - Belgium

Overview

The Belgian market has already extended the IMD to direct writers but, except for car insurance, does not have a disclosure regime.

As direct writers already fall under the scope of the IMD in Belgium, and due to the fact that industry stakeholders have already increased the quality of the information to customers (using product and information factsheets for instance); it was considered that many of the proposals discussed would not be disruptive to the Belgian market and in most scenarios the impacts were considered to be very low or negligible. The single scenario which caused shock to participants was the outright ban on commission, which respondents believed would cause drastic and largely unfavourable changes to the insurance industry in Belgium.

Specifics of the member state market

Brokers	<ul style="list-style-type: none">• The insurance industry in Belgium benefits from a form of standardised communication that allows for easy transfer of data including product type, claims information, financial data etc between brokers and insurers. There is a cooperative platform called <i>Portima</i> which enables extensive cooperation between issuers, brokers and sub-agents and cuts out a sizeable amount of administration. This system is complemented by three main software systems, either of which can be used by brokers to manage their portfolios internally. One of these software systems has a market share of 80%.• The Brokers association in Belgium has developed a document called <i>fiche d'information</i> (information sheet) which, although not mandatory, satisfies all the requirements of the CBFA and IMD in terms of disclosure and as a record of information.
Direct Writer	<ul style="list-style-type: none">• Internal Registration – Undertakings must identify the <i>Personnes en contact avec le public</i> (Persons in Contact with the Public or PCPs). These are not identified as such to the regulator, but the undertaking is required to register them internally. The number of PCPs in Belgium is unknown as the list is not updated. Supervision of PCPs is made during on-site visits of the regulator.
Bancassurance	<ul style="list-style-type: none">• Bancassurance may be a broker or agent business model.• Although bundled selling of products is prohibited in Belgium, it is practically possible to sell additional products to clients if there are separate sales negotiations.
Agent	<ul style="list-style-type: none">• No special characteristics apply to the Agent market in Belgium.
Other	<ul style="list-style-type: none">• Belgium has two other categories of intermediaries, Sub-Agents, who can work for either agents or brokers, and <i>Concessionnaires</i>.

Belgium implemented the IMD on 15 March 2006. Prior to the transposition of the IMD into Belgian legislation, insurance intermediaries (including direct writers, brokers, agents and sub-agents) were subject to statutory regulation by the law of 27 March 1995. Furthermore, while the original intention of the 1995 legislation was to

capture intermediaries, the Belgian state (at the request of the Belgian insurers association) decided to extend the conditions across the market in order to prevent any loopholes. The impact of the IMD in 2006 was therefore expected to be small as ‘the IMD was prepared during the Presidency of Belgium and was therefore largely inspired by the existing Belgian legislation.’¹³

For the distribution of insurance products, the Belgian regulator (CBFA) differentiates between the *Responsables de la Distribution* (those responsible for distribution) and *Personnes en contact avec le public* (those dealing with the public). Those who are *Responsables de la Distribution* fall under the requirements of the IMD and are required to register with the CBFA. There are around 22,000 *Responsables de la Distribution* in Belgium. *Responsables de la Distribution* can be either agents, brokers or direct writers. In addition to formal registration with the CBFA, they must prove that they are of good character and that they have a Master’s degree and specific knowledge of the insurance market. They must also have a minimum level of training in subject matter approved by the CBFA over a three year period, and this can be checked by the CBFA. Due to market fragmentation, the controls for brokers are more complicated than for direct writers.

The ongoing costs of training and registration within this supervisory regime are considered high. New and simplified mechanisms are expected to be applied in the future with regards to the registration procedures of *Responsables de la Distribution*.

Of relevance to the impact analysis for Belgium is the existing structure of the market. Brokers are highly important to the distribution of insurance products in the country, accounting for over 40% of overall premium totals (one third of life and two-thirds of non-life products respectively). Furthermore, the majority of brokerages in Belgium are estimated to have between three to five staff, making them vulnerable to changes which may cause significant administrative impact. Against this, the brokerage industry benefits from an advanced IT infrastructure that captures and communicates data in a highly streamlined fashion between brokers and insurers. Therefore, any further data transfer requirement that could be incorporated into this platform would be of low impact.

It should also be noted that Belgium does not have a lengthy chain of intermediaries between the insurer and the end customer by comparison to some other member states, a point of significance regarding disclosure of remuneration regimes.

Specific research topics

Part 1 - Extension of IMD to direct writers

- **Current practices**

As noted above direct writers are covered by the current Belgian legislation, and therefore all impacts in this regard were considered to be minor.

- **General reaction**

All respondents agreed that the extension of articles 12 and 13 to direct writers would be of minimum impact.

- **Key anticipated effects**

There were no key anticipated effects.

- **Anticipated Costs**

Participants from industry found it difficult to quantify costs due to the fact that IMD was implemented simultaneously with other legislation in Belgium (making it difficult to ‘unpick’ the IMD related costs). However, it was believed that:

¹³ Comparative Implementation of EU Directives (III) – Insurance Mediation, May 2007, CRA International

- Regulatory costs – There might be a slight impact on barriers to entry due to an enlarged regulatory framework. The impact of this was not quantified.
- Internal Supervision costs – Additional internal supervision costs were estimated to be negligible.
- Training costs – Training costs would be minimal. Within one undertaking existing training costs were estimated to be the equivalent of two full-time resources at approximately €100,000 per resource (i.e. €200,000 per annum). However, this was for all training requirements, and therefore the extension of IMD would only have a very minimum effect on this budget. The amount was not quantified.
- Sales and Marketing costs – For marketing materials it was estimated that a single additional page would be added to all contracts. The cost of this would be negligible. The sales meeting for life products could take longer due to the coverage to be explained. However, it could not be estimated what this would be. No extension of sales time would be required for non-life products.
- IT costs – Further IT costs would be negligible.
- Administration and Operational costs – The extension of IMD might exert a slight impact on distribution costs in the opinion of one respondent. The amount was not quantified.

• Anticipated Benefits

Both industry and consumer respondents believed overall that there would be a very minor increase to policyholder protection

• Proposed amendment

The following amendments were proposed:

- The current scope of activities subject to the IMD should be more clearly defined in the revision of the directive (e.g. car rental activities).

Part 2 – Introduction of an ‘on request’ regime regarding remuneration

• Current practice

The Belgian market has a policy of disclosure regarding car liability insurance (*responsabilité civile*) under which it is mandatory to disclose the actual risk portion of the premium and the portion covering general expenses (which would include remuneration). However there is no regime regarding specific disclosure of remuneration, and none of the participants to the survey indicated that they had themselves, or were aware of others who had, any voluntary disclosure of remuneration on request or otherwise.

• General reaction

There was general agreement on a number of items. Firstly, even if a need for more transparency is a key message for some respondents, it was agreed by all that more transparency does not automatically mean more clarity, and that disclosure of remuneration may not always benefit clients. Secondly it was agreed that despite remuneration disclosure, when facing a purchasing decision clients would ultimately be motivated by the final total price to themselves, and therefore remuneration disclosure would not be of huge impact to the market (in fact many participants from industry believed that nobody would ask for remuneration information).

Regarding disclosure on the nature and source of commission, one respondent was in favour of this type of disclosure, including description of services, even though they personally believed that few consumers would be interested in this kind of information. Another participant stated that there would be no use in disclosing only the nature or source of commissions or describing services if there was no indication of the actual amounts. Similarly, another participant suggested that the current policy of disclosure regarding car liability insurance (i.e. the risk portion of the premium) could be extended to other insurance contracts.

Opposing these views on specific value disclosure were a number of contrary opinions. One respondent believed disclosure of specific values would just add to the mass of information received by the consumer with no added value. This was supported by another participant who stated the majority of consumers would not be able to use the information to compare the remuneration systems of distributors since distributors will not disclose the same data in the same way.

Regarding particular market effects, all respondents believed that business models where commission was not a factor (e.g. bancassurance and some direct writing) would benefit at the expense of intermediaries such as agents and brokers, and although the scale of this was disputed it was deemed to be not particularly high. For life with investment policies, it was stated that surrender values already constituted a disclosure of costs.

Industry respondents generally considered that the benefit to the client of detailed disclosure may be low but the implementation could be difficult by comparison. For the majority of respondents, disclosure should only be 'on request' and not mandatory. However one consumer advocate was in favour of an automatic regime arguing that consumers who need this information are not always consumers who will ask. It was also stated that those who should be the most protected would probably not know their rights and, hence, would not ask for the information.

Participants also drew attention to the need to link the remuneration being disclosed with a clear definition of the service that is being provided by the intermediary, and stated there was a threat of demutualisation of costs. Respondents emphasised the fact that disclosure of provided services (e.g. claims declaration, management and recovery, etc.) would be more important than the remuneration¹⁴.

- **Key anticipated effects**

There were a range of different issues discussed, some of which were dependent on the scenario posed, and others dependent on the sector of the market on behalf of which the respondent was commenting. The key anticipated effects mentioned were:

- Remuneration disclosure had the potential to distort the market between direct writers and intermediaries.
- One participant suggested that brokers would be able to justify commissions more easily than other channels
- Risk premium costs would stay stable, and the variable element that would be affected (i.e. the commission) would impact intermediaries alone.
- It was universally agreed that brokers would be disadvantaged slightly by the change. Brokers who had less expertise, or who were closely knit with specific communities upon which they depended for business (e.g. some isolated or rural areas) would feel awkward disclosing and justifying costs to clients, or would lack the expertise to do this.
- Closely linked to this was a threat of market concentration, whereby certain products would be withdrawn from the market because of the difficulty in justifying a larger than normal commission, even though the customer would benefit from the product's coverage (i.e. the consumer would focus more on the salesperson's remuneration and less on the coverage benefit) It was noted that occasionally larger commission shares are required to distribute some products where the total premium is low or where the customer is hard to access.
- The threat of demutualisation was also raised (see above).

¹⁴ Claims handling charges were given as an example. Claims handling costs are mutualised, and intermediaries may receive additional remuneration from the premium as compensation for claims handling. However, if customers were aware of this they may not want to pay the portion of fees which dealt specifically with claims handling as they would assume the service would be used either very infrequently or not at all. They would then not wish to pay this portion of the premium on a regular basis. However, if a significant number of clients were to adopt this approach, it would lead to insufficient revenues to finance the basic cost of claims handling as a service to the entire market.

- **Anticipated costs**

The following cost areas were highlighted:

- IT costs – Augmenting information systems to carry data on commissions for brokers was not deemed to be of high impact as the costs would be centralised at the software manufacturing level. For example the software used by brokers would only be required to carry some additional lines of data. This was calculated by a respondent at a cost of 50 man days of development for each of the three main software systems used by the Belgian market (typically brokers would use only one of these softwares). We calculate that a total of 150 days would cost circa €90,000 to €120,000 based on prevailing IT consulting rates¹⁵. In addition to this, it was stated that such a requirement would not necessarily have a financial impact, but instead a development impact, as other projects would be pushed back to a later date.
- Administration and Operational costs – If total values were to be disclosed throughout the chain then this would be difficult to capture as the amounts could vary on a frequent basis. Otherwise it would incur a very minor increase in IT system costs. Brokers might have a significant administration problem if they had to retain all benefit-in-kind details for calculation and disclosure.
- Other costs – Socially, industry participants felt that the less affluent sector of society may ultimately be disadvantaged due to the withdrawal of products due to higher distribution costs and market concentration (see above).

- **Anticipated benefits**

It was suggested that disclosure of remuneration would lead to the following benefits:

- A slightly decreased but more professional intermediary market.
- Slightly lower premium costs.

- **Proposed amendment**

Proposed amendments focused primarily on the nature, type and scope of disclosure. Participants commented that:

- Disclosure of specific internal/external distribution costs would be commercially sensitive.
- Single cash values or single percentages were considered the most appropriate disclosure.
- Acquisition costs as well as commissions should be disclosed. However, multi-risk and multi-product situations would be prone to manipulation in this instance.

Part 3 – Introduction of higher level of conflicts of interest rules

- **Current practice**

Certain situations which may lead to conflicts of interest have been prohibited in the Belgian market. These include bundled selling of insurance products with other financial products (for example, loan protection policies with loans). Also, the broker practice has adopted a voluntary code of conduct which addresses certain conflicts of interest and requires brokers to act in the best interest of the client.

- **General reaction**

The primary reaction from both industry and consumer participants to date was that extensive disclosure of conflicts of interest would not be beneficial to consumers. Thereafter, respondents drew attention to additional conflict of interest situations of significance to the Belgium market. These included training of intermediaries by undertakings on some products (though the medium term effect of this was disputed) and also incentive payments to brokers who moved portfolios to new undertakings.

¹⁵ Based on IT consulting rates of €150,000 to €200,000 per annum, with 150 mandays representing 60% of a total of 250 mandays in a year. Weekend work and overtime is not added to the total.

However industry respondents generally denied that they had extensive conflicts of interest within their respective distribution channels.

There was also unanimity on the matter of dependency ratios. It was stated that the concept whereby a broker would become dependent on one undertaking with which it had a high volume of business was simply misleading. In fact, the dependency worked in reverse, as the broker could use their portfolio as leverage against the undertaking. However, it was stated that clients may not realise this or would even draw the contrary conclusion. There was also no practical alternative due to the fact that waves of consolidation in the market had led to fewer insurers, and that portfolios could not be realistically divided by smaller brokers.

All respondents from all interest groups surveyed were shocked by the concept of a ban on commissions and considered it extreme. They agreed that it would cause dramatic disruption to intermediaries, particularly brokers¹⁶.

- **Key anticipated effects**

In reaction to a ban on commissions, it was generally agreed by industry participants that there would be a dramatic decline of the broker market principally, plus significant demutualisation. Bancassurance and direct writers would benefit, but would have to adapt their sales forces to sustain volume. It was also believed that it would lead to market concentration and internalisation (where intermediaries would voluntarily become sales employees of one insurance undertaking).

For more general conflict of interest disclosure, there was a mixed reaction. In the main respondents decided that brokers would once again be the most significantly affected, but that the benefit to consumers would be largely outweighed by the administrative costs.

- **Anticipated costs**

In relation to the second scenario, no specific cost estimates were volunteered, however it was anticipated while costs would be relatively low overall, the burden would fall disproportionately on brokers. However the following cost estimates were volunteered regarding a ban:

- IT costs – If a ban was implemented it was believed that IT costs would jump as brokers would be required to bill their clients and to chase undue bills. See administration costs below.
- Administration and Operational costs – Similar to IT costs, administration costs would skyrocket. An example cited was the past system whereby Belgian brokers used to bill their clients on behalf of insurance companies. Those who stopped doing it estimated the cost at between 2% to 3% of premiums. Based on 2008 figures, this would equate to a cost of between €251 m to €377 m p.a.¹⁷ It was also stated that if there was no billing between the undertaking and the broker this would prevent the broker from transferring administrative costs back to the undertaking where scale of economy would apply, e.g. cost of printing documentation, IT systems, administration, etc.
- Other costs – It was estimated that 50% of brokers would disappear on the cost of fee and/or premium collection alone and that competition would suffer.

- **Anticipated benefits**

The following benefits were anticipated:

- For the scenario regarding a ban on commissions, one respondent advanced the belief that there would be no change generally, except for quality of advice

¹⁶ See for example the submission to the public consultation from BZB (Beroepsvereniging van zelfstandige bank – en verzekeringsbemiddelaars) ID number: 03624315145-61, 28 January 2011 where the association stated that, 'In Belgium customers are not prepared to pay fee [sic] for insurance mediation'. Public Consultations, Review of the Insurance Mediation Directive, http://circa.europa.eu/Public/irc/markt/markt_consultations/library?l=/financial_services/insurance_directive&vm=detailed&sb=Title

¹⁷ Total premiums collected by broker distribution channels in 2008 equalled €12.6 bn.

to the investor which they believed would be significantly increased, while client understanding would increase in only a minor way.

- The disclosure of an intermediary's commercial relationship to a financial services group would be of high benefit to clients and would be easy to implement.
- However there is a risk that the information disclosed may not be understood correctly by the clients and may even mislead them in their choices (e.g. dependency ratios).
- Disclosure regarding claims handling and separation or monitoring of incompatible roles would also be of high benefit to clients and would be easy to implement.
- No specific financial benefits were estimated.

- **Proposed amendments**

The following amendments were proposed:

- Clients should be informed of the delegation of the tasks (e.g. claims handling) on a mandatory basis. This was deemed to be of high significance to customers.
- Imposing a mandatory duty of care was not deemed necessary by one respondent as brokers already abide by the voluntary code of conduct.
- Commissions on loss ratios should be banned.

- **Additional Questions**

There was no consensus in responses to the additional questions posed in relation to MiFID and PRIPs related matters. Some respondents believed that disclosure should encompass all products, while others believed life and non-life products should be treated differently. One participant suggested that a new category of adviser be created to sell PRIPs products, while another believed that PRIPs should be covered by MiFID. However, in relation to MiFID one criticism received was that categorisation, of either products or clients would be subjective and too expensive to implement.

- **Other comments**

The mandatory disclosure of remuneration was discussed in Belgium when the internal Belgian law was being drafted but no consensus was found. Therefore, a reference to a mandatory regime of disclosure as a 'good practice' was only made in the comments of the law.

Impact Analysis - Finland

Overview

The Finnish insurance market is considered to be typical of the Nordic financial system, characterised by high concentration, links between banks and insurance, pension, and asset management firms, and cross-border linkages¹⁸. While the bulk of corporate business is done through full-time sales personnel, insurance undertaking branches play a major role in household insurance with most firms having a number of tied part-time agents who work exclusively for one insurer or one insurer group, with policies also sold through several insurers' joint agencies, such as car dealers and travel agents. On the life insurance front, banks constitute a sizeable distribution channel¹⁹. Finland is of particular interest to this study as it has introduced a ban on commission for brokerage activity, ostensibly as a means to end conflicts of interest between the intermediaries who represent customers, and those who represent undertakings. Additionally, Finland also has very strict legislation governing the sale of insurance products generally.

Specifics of the member state market

Brokers	<ul style="list-style-type: none">• Brokers in the Finnish market are banned from accepting any payments for insurance undertakings. They can only be remunerated by the client whom they represent.• Brokers now do very little retail business and many appear to have converted to agents or multi-tied agents to escape the ban on commission.• Brokers are subject to a net quoting system whereby the consumer is billed twice, by the insurance undertaking for the premium and by the broker for the brokerage fee.
Direct Writer	<ul style="list-style-type: none">• Finnish direct writers are subject to strict laws regarding the sale of insurance products. Amongst other criteria, the undertaking is liable for the actions of any agents who sell their products. Furthermore, the burden of proof is considered to be with the undertaking rather than the client in the case of a dispute.
Bancassurance	<ul style="list-style-type: none">• The bancassurance model in Finland is purely an agency model.
Agent	<ul style="list-style-type: none">• Agents may receive commission on products within the Finnish market.• Finland allows multi-tied agents to represent any product from any insurer, making the business model similar to brokerage.
Other	<ul style="list-style-type: none">• Distance marketing models exist in Finland as an agency business model

The ban on brokers receiving commission has been controversial. A number of respondents stated that the implementation of the ban was a success and removed the principle conflict of interest from the Finnish market. Other respondents, however, believe that the ban has been negative. Those of the latter opinion have pointed out that the ban has drawn negative attention from the European Commission on grounds

¹⁸ Finland: Financial System Stability Assessment Update, IMF Country Report No. 10/275, International Monetary Fund, September 2010

¹⁹ Finnish Insurance Today, publication by the Federation of Finnish Insurance Companies, see also website of the Federation of Finnish Financial Services at http://vahingontorjunta.fi/www/page/fk_www_4064, page last updated 31.1.2008

of equal treatment²⁰, and that it has exacerbated other serious issues, including other conflicts of interest, within the Finnish insurance market. In 2009, the Ministry of Social Affairs and Health stated in a report that the ‘... most central problematic part of the Act has to do with the provisions banning insurance brokers from accepting commission payments from insurers.’²¹

Two pieces of legislation are critical to insurance distribution in Finland, the Insurance Contracts Act of 1994 (and subsequent amendments) and the Insurance Mediation Act of 2005. According to Sections 26 and 49 of the Insurance Mediation Act, an insurance broker may not accept remuneration from a party other than a client. Section 5 of the Insurance Contracts Act contain obligations on insurers regarding disclosure and major exclusions, while Section 9 covers an undertaking’s responsibility when either it or its representative (including non-employed agents) gives incorrect or misleading information to the policyholder. In such a case the contract is considered to be in force to the effect understood by the policyholder, potentially exposing the undertaking to a huge liability.

The concept of ‘agency’ is fundamental to the sale of insurance products in Finland. Unlike the UK’s legal concept of agency (for example), Finnish law does not consider that an insurance agent can represent both the undertaking and the consumer. An insurance agent can pursue insurance mediation under contractual obligation on behalf of one or several insurers. An insurance broker, by contrast, can pursue insurance mediation on the basis of an assignment agreement concluded with a customer only²².

Specific research topics

Part 1 - Extension of IMD to direct writers

- **Current practices**

Registration of intermediaries is carried out by the regulator’s office, with registration of both the firm and 50% of the firm’s personnel at a cost of €320 per registered person²³. However, in the case of a firm engaged in insurance mediation as its secondary business (i.e. bancassurance), only one person inside the bank is obliged to register on behalf of the entity.

- **General reaction**

There was a range of opinion on the extension of IMD to articles 12 and 13 to direct writers. One opinion, advanced from a number of industry representatives as well as one consumer advocate, was that the concept of universal registration was inappropriate and that separate sales channels should be regulated separately, taking into account their different characteristics²⁴. This is in keeping with the very different treatment of brokers and agents under Finnish law. Due to the high disclosure requirements and penalties implicit in the Insurance Contracts Act, the registration of

²⁰ MARKT/H/2/TK/mfc (2009) 57074, FS/050.070/0008

²¹ STM/3228/2007, Ministry of Social Affairs and Health, 15 June 2009

²² *Ohjeyleisen EdunVaativista Ehdoista ETA- Vakuutusedustajille, Anvisning om de villkor som påkallas av allmänt intresse för EES-försäkringsförmedlare*, Conditions required by general good for EEA-insurance intermediaries, Insurance Supervisory Authority, 26.10.2005 Diary no 8/002/2005, http://www.finanssivalvonta.fi/en/Authorisations/Insurance_intermediary/Regulations_instructions/Documents/EN-MAA-VED-2005-10-26_008-002-2005_OhjeyleisenETA-Vakuutusedu.pdf

²³ Processing fees charged by the Financial Supervisory Authority (FIN-FSA) starting from 21 February 2011, 21 February 2011, J No 30/002/2011,

http://www.finanssivalvonta.fi/en/About_us/Powers_funding/Funding/Processing_fees/Documents/Toimenpidehinnasto_21_02_2011_en.pdf

²⁴ Similar concepts were put forward in the public submissions by the Ministry of Social Affairs and Health and the Federation of Finnish Financial Services

http://circa.europa.eu/Public/irc/markt/markt_consultations/library?l=/financial_services/insurance_directive&vm=detailed&sb=Title

insurance intermediaries in Finland has been seen as an unnecessary and additional layer of bureaucracy by some respondents²⁵.

However, this was not a universal opinion in direct sales. One firm stated that the extension of articles 12 and 13 to direct writers should not be of major impact due to the fact that Finnish law requires a lot of disclosure to clients already.

A third view involved the registration requirements for bancassurance channels. Currently only one person is registered on behalf of the bank (or firm selling insurance as a secondary business), as opposed to 50% of an intermediary's staff. It was pointed out that although a lot of insurance products are sold through the bancassurance channel, the registration requirements are quite light by comparison. The same respondent believed that an extension of articles 12 and 13 to direct writers should occur²⁶.

A Finnish broker responding to the study stated that the articles should be extended in order to further consumer protection and stated that it was crucial to achieve a level playing field.

- **Key anticipated effects**

The major anticipated effect is a rise in costs for direct writers due to the cost of registration of salespeople and the administration costs of dealing with this. There would be little additional protection given to customers due to the extensive protection offered by Finnish insurance laws.

- **Anticipated Costs**

The following other costs were anticipated:

- **Regulatory Costs** – Registration costs for direct sales employees. The current practice is to register 50% of the firm's personnel, at a cost of €320 per registered person (excluding bancassurance firms, which need only register one person on behalf of the entire company).
- **IT Costs** – A once-off IT investment of 10 to 20 mandays per direct writer, estimated at a cost of €10 – 20,000 by one direct writer. Another industry respondent stated that the majority of disclosure required under IMD has already been implemented in response to an amendment to the Finnish Insurance Contract Act in 2010. This respondent stated that the cost of updating IT systems, training and marketing materials was 'of ordinary scale and not requiring substantial investment'.
- **Administration and Operational Costs** – One industry respondent stated that back-office workloads would increase for direct writers in relation to the administration of registration requirements.

- **Anticipated Benefits**

A progression towards a level playing field between sales employees and agents in the Finnish market is expected by some stakeholders.

- **Proposed amendment**

The following amendment was proposed by a number of industry participants:

- Separate distribution channels should be regulated on an individual basis rather than extending single codes across the entire market.

²⁵ See for example a public article interviewing the head of insurance legislation for the Federation of Finnish Financial Services: The roles and commissions of insurance brokers cause debate in Europe, http://www.suomeneurooppaliike.fi/eurometri/2eurometri2008/Eurometri2008_9.pdf

²⁶ The extension of the articles was endorsed by the Finnish Financial Supervisory Authority (FIN-FSA) in their public submission, with the exception of the registration of direct writers and their employees, http://circa.europa.eu/Public/irc/markt/markt_consultations/library?l=/financial_services/insurance_diractive&vm=detailed&sb=Title

Part 2 – Introduction of an ‘on request’ regime regarding remuneration

• Current practice

A mandatory disclosure regime exists in Finland for the brokerage channel. The introduction of a ban on broker’s receiving payments from undertakings forced brokers to change to an advisory model and this was facilitated by the introduction of a net quoting system which was to show the cost of the product excluding the previous mark-up.²⁷ Now brokers must charge clients independently of the insurance premium, so the remuneration for brokers is now clear.

In order for this system to work, it was understood that insurance undertakings would discount the cost of the premium by the original commission amount that would have been payable before. However, not all insurance undertakings will discount the products on behalf of brokers, effectively making the broker channel a more expensive distribution method for certain brands.

Agents are still allowed to charge commission and are not obliged to disclose the amount.

• General reaction

Respondents were largely in favour of on request disclosure on the nature and source of remuneration. Some respondents, including one consumer advocate, felt it did not go far enough, while others questioned the value of direct sales staff discussing the undertaking’s costs of distribution.

One broker who was in favour of the scenario stated that it would be better to give remuneration values or cash amounts as this would make the market more comparable. Also, this respondent stated that if a commission was contained in the product, it should be revealed. Overall, the scenario regarding the nature and source of disclosure was deemed an improvement by this respondent, although it should go further. However, the majority of other respondents were sceptical of the utility of discussing a direct writer’s costs with a consumer. This would confuse the consumer and distract attention from the relevance and appropriateness of the product. It was also considered that the consumer would have enough personal judgement to understand that every salesperson would ultimately be remunerated from the customer’s premiums. One respondent added that it could even distort the market regarding investment products between MiFID firms and insurance firms.

Respondents were in alignment on the importance of who the intermediary or sales employee actually represented. This was considered to be of key importance by all participants to the question and was deemed more suitable as a mandatory disclosure than an ‘on request’ disclosure.

Opinions diverged more sharply in relation to discussions of services offered, including binding authorities, and reference was made to the specificities of the local market. One respondent stated that disclosure of services was not relevant for agents and direct salespeople, but was for brokers. One direct writer responding to the questions pointed out that the strictness of the local law was such that, should a service be specified, the client might believe this service was inherent to the product and would expect it to remain in force for the life of the product. Additionally, as direct writer’s could be held liable for the agreements of their agents and salespeople, binding authority – although not a specific feature of the market – was already present to some extent.

Opposing this view was a respondent who believed that services were actually integral to the product, and therefore should be disclosed mandatorily. This respondent cited the example of a foreign firm selling retail products into the Finnish market, with purchasing customers unaware that further services would be conducted from abroad

²⁷ Statement by the Federation of Finnish Financial Services, 10 April 2007
http://ec.europa.eu/competition/sectors/financial_services/inquiries/replies_interim_report/22_ffs.pdf

in a language different to that of the local market²⁸. One consumer advocate believed that it would be wise to differentiate at the directive level what services should be considered integral to the product.

There was little consistency of opinion regarding disclosure of specific remuneration values. Supporters of the ban on commission for brokers believe that the ban is appropriate and has contributed to a superior customer experience. They state that a simple 'on request' disclosure regime applied to the intermediary market would not contribute anything to the functioning of the market and would offer no benefits to clients²⁹.

In addition to this, a number of respondents stated that the introduction of an 'on request' regime regarding remuneration value disclosure would have a number of negative effects, including market concentration and a rise in premiums.

One direct writer believed that disclosure of commission would favour bancassurance models, as these firms could introduce fixed salaries immediately and absorb the shift to paid sales. This respondent also stated that if direct writers were forced to release detailed information on their network of the agencies or remuneration cost structure it would negatively impact on competition. This would kill smaller players who offer only insurance products and would subsequently concentrate the market.

However, these views are not representative of the entire direct sales market. One direct writer stated that, while they would not support remuneration disclosure in general, they believed that if it were introduced, they could probably continue to do business without much disruption. This respondent also believed that it may in fact be a good model for the brokerage market.

Another respondent stated that mandatory disclosure should be in existence, rather than on request, as people would not ask even if they knew their rights³⁰.

Finnish brokers believe that the net quoting system should be universal if it is to be applied at all, and at this stage would be healthy for the market as it would introduce transparency into agency and multi-tied agency sales. However, they also raised the issue of how direct writers would be affected by this change. In order to achieve equal transparency, it was suggested that direct writers should disclose the distribution cost and risk element of the premium, and this in turn would benefit consumers. However, it was questioned as to how the actual calculation could be made to work in practice.

- **Key anticipated effects**

There were a range of differing responses in relation to anticipated effects. However, as the disclosure would be 'on request' and not mandatory as net quoting is, it was believed that there would be no significant effect on the market.

²⁸ In the 'Conditions required by general good for EEA-insurance intermediaries, 26.10.2005, Diary no 8/002/2005', the regulation states that the insurance terms and conditions must be given in the customer's mother tongue if it is Finnish or Swedish. It does not make explicit reference to services, only to 'other information'. See *Ohjeyleisen EdunVaativista Ehdoista ETA- Vakuutusedustajille, Anvisning om de villkor som påkallas av allmänt intresse för EES-försäkringsförmedlare*, http://www.finanssivalvonta.fi/en/Authorisations/Insurance_intermediary/Regulations_instructions/Documents/EN-MAA-VED-2005-10-26_008-002-2005_OhjeyleisenETAVakuutusedu.pdf

²⁹ The Federation of Finnish Financial Services stated in their submission that they did not consider the 'disclosure of remuneration sufficient regulation that could prevent the potential occurrence of conflicts of interest in the sales operations of brokers.' However, they also believed that an 'overly specific obligation to disclose information on remuneration is also problematic for insurance company employees and agents'. Commission Consultation on the Review of the Insurance Mediation Directive (IMD), Response by the Federation of Finnish Financial Services (FFI) (Interest representative ID 7328496842-09) http://circa.europa.eu/Public/irc/markt/markt_consultations/library?l=/financial_services/insurance_directive&vm=detailed&sb=Title

³⁰ Both the Finnish Regulator and the Ministry of Social Affairs and Health support transparency of remuneration and transparency of fees in their public submissions, http://circa.europa.eu/Public/irc/markt/markt_consultations/library?l=/financial_services/insurance_directive&vm=detailed&sb=Title

- **Anticipated Costs**

No specific costs estimates were offered in relation to a discussion on the nature and source of remuneration 'on request'.

One very high cost estimate was offered for 'on request' disclosure of specific values along the chain of intermediaries

- IT costs – One direct writer stated that if remuneration values had to be disclosed in detail, it could take up to 30 – 50 Mandays of effort (€30,000 - €50,000) for each product in relation to IT systems alone.

- **Anticipated benefits**

Most parties believed that an 'on request' regime would not cause much change to consumer activity.

- **Proposed amendment**

The following amendment was proposed:

- Remuneration disclosure – whether dealing with general disclosure or detailed disclosure – become mandatory rather than 'on request'.

Part 3 – Introduction of higher level of conflicts of interest rules

- **Current practice**

Disclosure of conflicts of interest is not a central part of the governance of insurance services, due to the reliance on the strict provisions of the Insurance Contract and Insurance Mediation laws. It was also stated that the industry is already so close to MiFID style rules that it would not be very difficult to implement these in the future.

However, the ban on broker's commission has introduced very dramatic changes to the broker market. Finnish brokers have largely withdrawn from the retail market, and whereas before they conducted a significant amount of life insurance business this is now considered to be largely ended. Only a few small brokers continue to sell non-life insurance products on the retail market. Additionally, commercial brokers have reported a sharp decline in income, with some stating that earnings are down by up to 75% as a result of the ban.

On a broader level Finnish brokers believe that consumer interests have been badly damaged due to an absence of independent advice and reduced competition within the retail market. Additionally, they believe that an element of protectionism has occurred as it is much more difficult for foreign undertakings to distribute products into the Finnish market without access to a chain of independent intermediaries.

- **General reaction**

Reaction in the Finnish market on this issue appears to be polarised. Many within the Finnish insurance market believe that the existing laws on insurance sales are of such a strict nature that conflicts of interest are of a low significance. Other believed that the primary conflict of interest was the relation between brokers and their clients (whereby the broker was motivated only by the size of the commission on a product). Most respondents did not cite major conflicts of interest within the insurance industry beyond this.

However, one respondent was able to cite a number of conflicts of interest within the Finnish insurance market which they deemed to be quite significant. Firstly they believed that the ban on commission for brokers was a mistake and that the model did not, in fact, function adequately or protect consumers. They cited the fact that the multi-tied agency model, whereby agents can represent any undertaking, was a *de-facto* brokerage model but without any fair analysis. This distinction was not obvious to clients however. This view was supported by another participant who stated that

agents and multi-tied agents were working on behalf of the insurer's interest and not the clients.

In addition to these issues, the same respondents identified widespread sequential selling of insurance with non-insurance transactions, such as PPI, term and car insurance as potential conflict of interest areas.

- **Key anticipated effects**

It was believed that the introduction of MiFID level 1 principles would be of low disruption to the market but would enhance customer protection with regard to the sale of insurance products with investment components. Also, a conflict of interest disclosure regime would be of low disruption to the market but would enhance customer awareness of the conflicts within the multi-tied agency channel.

However a universal ban on commission would be extremely disruptive to the sale of insurance products by intermediaries and would lead to massive internalisation, as suggested by the transition of many brokers into agency models after a ban was applied to their channel. Non-life insurance products would become more expensive due to the restriction of sales (the majority of the products cannot support advisory charging) and market concentration would be expected to occur.

- **Anticipated costs**

No specific cost estimates were offered, however the below statements were made:

- Administration and Operational costs – The quantifiable costs relating to the introduction of a MiFID style conflict of interest disclosure regime to the Finnish insurance market are likely to be lower for direct writers who enjoy a scale of economy, than for smaller operators and intermediaries.
- Other costs – Based on the experience of the broker market, extending the ban on commission to the remainder of the intermediary market is likely to cause intensive restructuring of distribution channels, the cost of which would be borne ultimately by clients.

- **Anticipated benefits**

- A conflict of interest disclosure regime may benefit clients who do not understand that agencies do not represent independent advice.
- Disclosure of conflicts of interest may also enhance consumer protection in the sale of investment products.
- However, extending the ban on commission to the remainder of the intermediary market is unlikely to result in any tangible benefit for consumers.

- **Proposed amendments**

Two proposed amendments were offered in the course of the interviews

- It was suggested that more focus be placed on the nature and benefits of the product to ensure greater customer understanding.
- A harmonisation of MiFID and IMD was proposed.

Additional Questions

Responses to the additional questions revealed limited consensus. Limiting disclosure to specific categories of products was deemed non-applicable to direct sales or simply difficult to implement. Similarly it was considered that disclosure requirements should either include retail clients at a minimum (but exclude reinsurance), or be applied universally. However, for PRIPs there was a clear division, with one respondent requesting additional disclosure and another rejecting this idea.

Other Comments

One participant speaking on behalf of direct writers made the remark that the strictness of the local laws, compounded by the fact that Finnish legal system allows for class acts, made the industry frightened that a revision of the IMD could create a 'monster' (i.e. conflicting legal obligations that they would be unable to satisfy). This in turn could open up the industry to potentially huge liabilities.

In a similar vein, another participant stated that currently 'advice', as it was generally understood in the Finnish market, involved the mandatory disclosures made during the sales transactions in compliance with the local laws. There was no definition of 'advice' beyond this and if a specific concept of advice was introduced, it was unclear how it would fit with the local law.

Impact analysis – France

Overview

The French insurance market is the largest bancassurance market in the EU, but it can also be characterised by the diversity of its distribution channels. In the life-insurance sector bancassurance accounts for 60% of the market, while the non-life sector is largely divided between agents and direct writers with a 35% market share each.

France transposed the IMD into national legislation in December 2005 with law of 15 December 2005, which modified the Insurance Code. The corresponding decrees and ministerial orders which work out in detail the general provisions of the law were then published during 2006³¹. France already had a statutory regime and a register was already in place prior to IMD. Control of the activity of French intermediaries comes under the responsibility of the *Autorité de Contrôle Prudentiel* (ACP – Insurance and Bank Control Authority). Registration of intermediaries is however entrusted to a separate entity, *l'Organisme pour le Registre des Intermédiaires d'Assurances* (ORIAS). By January 2013, all financial intermediaries (insurance, credit and savings) will be required to register in the ORIAS as either a physical or legal person.

According to our interviews, IMD implementation did not generate excessive costs to the industry and the overall net benefits were deemed positive as it resulted in further clarification of the roles and responsibilities of the intermediaries as well as clearer definitions of the information provided to clients.

Insurance undertakings surveyed that use the full range of distribution channels (i.e. the 'multi-channel' approach) claimed that there was no real problems in the distribution of insurance products. To support this view, several insurance undertakings reported a very low number of ongoing claims and litigations (e.g. one undertaking had approximately 19,000 claims and 100 litigations in 2010 for a combined consumer base of nine millions clients). In addition, respondents also stated that they believed that there was no significant differences in terms of either the proportion or the nature of complaints observed when it comes to the distribution channels used.

Consumer associations also agreed that French consumers were afforded a high level of protection by French regulation and cited the example of the *Loi Chatel* of August 2005 in relation to the termination of insurance contracts. This law states that an insurer must inform their customers prior to any tacit renewals of insurance contracts (with the exception for life-insurance contracts and collective schemes).

However, some respondents felt that in some circumstances the disclosure requirements under the law was subject to abuse. These respondents referred to the '*droit à la renonciation*', which states that the consumer has up to 30 days of a 'cooling off period' within which they can cancel the product without obligation. As the cooling off period only ends 30 days after all required information has been provided to the client, if the client can prove that some information was missing it means that the cooling off period has remained in force indefinitely. This has allowed some clients to withdraw from investment products that were subject to losses during the financial crisis, forcing the insurance undertaking to reimburse the original investment amount.

³¹ BIPAR, Implementation of the IMD by EU Member States, December 2006

Specifics of the member state market

Brokers	<ul style="list-style-type: none"> Brokers account for approximately 20% of the market overall. There are large discrepancies in type and size of brokers on the French insurance market ranging from individual brokers to large banks registered as such. Master-brokers (or '<i>courtiers-grossistes</i>') are an additional level of intermediary between direct writers and brokers/sub-agents. They are growing in number in France.
Direct Writer	<ul style="list-style-type: none"> Direct writers must fulfil similar requirements as intermediaries in terms of professionalism and disclosure. A 'multi-channel' approach is generally adopted by direct writers, and this allows clients to access to their insurance products through different distribution channels. Direct writers are also allowed to distribute products from competitors provided that prior agreements have been concluded.
Bancassurance	<ul style="list-style-type: none"> Bancassurance is highly developed in France, especially on the life-insurance segment. Bancassurance channels may be registered as either brokers or agents.
Agent	<ul style="list-style-type: none"> Two types of agents coexist in France: '<i>mandataires</i>' (or agents) and '<i>agents généraux</i>' (or tied-agents). While '<i>mandataires</i>' receive commissions from direct writers based on the sales of insurance contracts only, '<i>agents généraux</i>' have a power of attorney through the life of the insurance contract. '<i>Agents généraux</i>' own a portfolio of clients (similar to brokers), and this is recognised as having an intrinsic value (considered as goodwill), the value of which is based on a percentage of commissions received over a given period.
Other	<ul style="list-style-type: none"> The distance sales market in France may be used in combination with, and in support of, the 'multi-channel' approach. Some direct writers allow consumers to purchase products online, but also simultaneously display the contact details of another channel they can use. '<i>Contrats collectifs</i>' are a French specificity that allows the formation of a non-profit organisation (<i>Association loi de 1901</i>) in order to distribute insurance products. For example, the members of an association may subscribe to a tailored insurance product via their association. In this case, the association is registered as intermediary with the ORIAS.

Specific research topics

Part 1 - Extension of IMD to direct writers

• Current practices

The Insurance Code defines intermediation as all activities which consist of introducing, proposing or assisting in the conclusion of insurance or reinsurance products against remuneration. Intermediaries involved in the management of claims and insurance contracts as well as direct writers (employees of insurance undertakings) do not fall under the scope of IMD. However while employees of insurance undertakings do not need to be registered, they must fulfil requirements regarding professionalism, training and good repute (articles L 512-5 and L 512-4 of the Insurance Code).

In addition, for life-insurance contracts, insurance undertakings are already required to provide similar information as intermediaries in their pre-contractual documents to demonstrate the adequacy of the proposed solutions to client needs.

- **General reaction**

French participants appear to be generally in favour of progression towards a level playing field provided that requirements are modulated according to the distribution channel. With some limitations, many public submissions to the consultation were also in favour of an extension of articles 12 and 13³².

Insurance undertakings should comply with similar rules as insurance intermediaries, as long as any duplication of requirements is avoided. For instance, as the Solvency II Directive and the national legislation already implies some requirements of good repute and knowledge for the direct sales force of an insurance undertaking, some respondents felt that registration or training requirements for employees of insurance undertakings should not be required by IMD.

- **Key anticipated effects**

The extension of IMD articles 12 and 13 to direct writers should further a level playing field in the insurance market. It was anticipated by industry and consumer respondents alike that clients will receive the same information whatever the distribution channel used and that this would bring more consistency within the ‘multi-channel’ approach generally adopted by French insurance companies.

- **Anticipated Costs**

Regulatory, Internal Supervision and Training costs were not quantified. However, the below were cited as additional areas of cost:

- Sales and Marketing costs – While some additional opportunity cost may occur, it was not believed that this would be high.
- Administration costs – As direct writers already adhere to many elements of the articles, it was believed that the additional administration costs would also not be significant.
- IT costs – IT systems will need to be upgraded in order to allow for the capture and recording of additional data. A once-off cost of between 1,000 and 1,500 mandays (€1m to €1.5m) per insurance undertaking was anticipated by one undertaking.

- **Anticipated Benefits**

The benefits may be summarised as the following:

- A progression towards a level playing field between intermediaries and direct writers;
- Clients will receive the same level of information and advice based on their demand and needs.

- **Proposed amendment**

The following amendment was proposed:

- As direct writers must already fulfil requirements regarding professionalism, training and good repute under national legislation, registration or training requirements for employees of insurance undertakings should not be required by IMD.

³² See for example the public submissions from the following organisations: UNI Europa Finance, *Fédération des Associations Indépendantes de Défense des Epargnants pour la Retraite* (FAIDER), *Groupement Français des Bancassureurs* (FBIA), *Fédération Bancaire Française* (FBF) and BNP Paribas, http://circa.europa.eu/Public/irc/markt/markt_consultations/library?l=/financial_services/insurance_directive&vm=detailed&sb=Title

Part 2 – Introduction of an ‘on request’ regime regarding remuneration

• Current practice

Transparency on products has increased over the last number of years. According to the law of 8 March 2006, pre-contractual documents for life-insurance contracts should contain a one page summary of key product features including the type of guarantees and the maximum costs of up-front fees, fees over the life of the contract, exit fees and any other costs.

Regarding remuneration, the Insurance Code covers a form of remuneration disclosure under certain conditions, but only for large insurance risks (article L-520-1). The intermediary’s remuneration on a product must be provided on request only when the intermediary claims to be providing advice based on an unbiased analysis and only for insurance intended to cover occupational risks when the annual premium exceeds €20,000.

For large risk insurance products, AMRAE (*Association pour le Management des Risques et des Assurances de l'Entreprise*) and CSCA (*Chambre Syndicale des Courtiers d'Assurances*) have made changes at the beginning of 2011 to the charter signed in 2006. The updates include an ‘on request’ regime regarding broker remuneration.

In order to limit the incentives for intermediaries to sell products (especially the maximum value of premiums used for remuneration) the law of 15 December 2005 states that client’s premiums used as advance remuneration for intermediaries are allowed provided that it cannot lead to a decrease in the value of the contract by more than five percent.

In France, insurance undertakings usually use a broad range of distributors (brokers, tied-agents, ‘*mandataires*’) and due to the use of the ‘multi-channel’ strategy clients have the opportunity to switch from one channel to another throughout the life of a contract. In some cases, different intermediaries from different channels may be appointed to the client. Overall, this creates a web of intermediaries and a correspondingly complex chain of remuneration (see Appendix 3 for a diagram displaying the complexity of the remuneration chains in the French retail insurance market).

Remuneration sources include insurance employees who receive a fixed and sometimes a variable salary (performance bonus) and intermediaries who may receive commissions on premium (initial and recurring). Retrocessions based on assets under management (for investment life-contracts) and other fees received after the conclusion of the contracts (annual bonus based on the performance and/or the quality of the client portfolio) may also be paid. In addition, insurance undertakings may pay agents at an hourly rate for subscribing and managing collective schemes and may also pay contingent fees to support the development of their distribution network e.g. organising a client event or participating in the IT development costs of their agents. Respondents believed that benefits in kind such as travel or training were not of major concern as they represented an insignificant portion of the remuneration of the intermediaries.

• General reaction

Many participants believed that increased transparency for clients could help them make better comparisons. However it was stated that any additional information that would simply increase either the number of documents or the complexity of the documents already provided to clients would be counterproductive as clients would either not read the information or would have difficulties understanding it. For this reason, transparency of remuneration was generally considered inappropriate by some respondents as it would not give further information on the product (total cost,

guarantees, quality of services) and its relevance to the customer's needs³³. It was also believed that, despite remuneration being a potential source of conflicts of interest between the seller and the client, remuneration transparency should not be overestimated as a solution to this issue. Instead, clients should receive more information regarding the product (including total costs and limits of the guarantees) as well as the nature and scope of the advice.

While a majority of respondents were in favour of 'on request' disclosure limited to the nature and source of remuneration³⁴, some consumer advocates believed the proposal did not go far enough. However, overall it was believed that discussion on the nature and source of remuneration would represent a first step towards transparency and educating clients on the various distribution models.

Most respondents stated that requirements to disclose remuneration would be extremely burdensome because of the complex nature of remuneration at both the intermediary and direct writer levels. These participants believed that it may even prove impossible to individualise the remuneration cost. Another difficulty would be to compare the remuneration systems of intermediaries and direct writers. Estimating the cost of advice for an insurance employee would require cost accounting with underlying assumptions that may prevent clients from comparing this remuneration amount or percentages across the market.

Most participants remained therefore doubtful as to whether the disclosure of remuneration will create value for the consumer as the complexity of distribution models may prevent clients from comparing products on the basis of the disclosed remuneration.

Supporters of disclosure of remuneration amounts stated that it could only be beneficial to clients if the total costs of the product (i.e. distribution and production costs) were also disclosed³⁵.

One participant suggested that insurance undertakings prepare an annual statement on the total amount of remuneration paid to the intermediaries over the last year in respect of a given contract. However other participants stated that this would not address the level playing field requirements towards direct writers and may give the impression to clients that this amount comes on top of any products sold directly by insurance employees.

- **Key anticipated effects**

It was believed that more transparency on the nature and source of remuneration would not give the opportunity to clients to compare the level of incentives across the different products but may educate clients on the diversity of distribution models and on the fact that advice brings value and hence has a price.

Remuneration disclosure of the amount or percentage value may confuse clients and divert them from looking at more relevant information such as the total cost of the product, the suitability of the product (e.g. in terms of coverage, guarantees) and the quality of the advice.

³³ See the public submissions from the following organisations: *Groupeement Francais des Bancassureurs* (FBIA), *Fédération Bancaire Française* (FBF), BNP Paribas and Metlife Western Europe, http://circa.europa.eu/Public/irc/markt/markt_consultations/library?l=/financial_services/insurance_directive&vm=detailed&sb=Title

³⁴ A number of public submissions to the Commission emphasised the importance of clients understanding the status of the insurance salesperson in relation to the client and the undertaking. See submissions from Metlife Western Europe, UNI Europa Finance, *Fédération des Associations Indépendantes de Défense des Epargnants pour la Retraite* (FAIDER) and *Fédération Bancaire Française* (FBF) http://circa.europa.eu/Public/irc/markt/markt_consultations/library?l=/financial_services/insurance_directive&vm=detailed&sb=Title

³⁵ Other supporters of detailed remuneration transparency who made public submissions include UNI Europa Finance and *Fédération des Associations Indépendantes de Défense des Epargnants pour la Retraite* (FAIDER), http://circa.europa.eu/Public/irc/markt/markt_consultations/library?l=/financial_services/insurance_directive&vm=detailed&sb=Title

- **Anticipated Costs**

The below cost areas were cited:

- Sales and Marketing costs – Disclosing remuneration may lead to time consuming negotiations on multiple small amounts and ultimately to decreasing revenues for intermediaries. The overall cost was not quantified.
- IT costs – Significant IT development costs would be required to allow insurance undertakings to allocate distribution costs to a client for products distributed by a given intermediary. One participant estimated the required IT development cost alone at more than 5,000 mandays (circa €5m) per insurance undertaking.
- Other costs – Competitive disadvantage for small players. It was stated that larger institutions could put in place legal structures that could divert part of the remuneration from the disclosed amounts.

- **Anticipated Benefits**

- While most parties believed that an ‘on request’ regime would not cause much change to consumer activity, a few participants mentioned that the disclosure of the remuneration may lead to a minor change in the price of insurance products as intermediaries will increasingly compete on prices and align to market prices.

Part 3 – Introduction of higher level of conflicts of interest rules

- **Current practice**

In addition to current IMD conflicts of interest rules, the French legislation requires intermediaries to disclose any insurance undertakings accounting for more than 33% of the intermediary’s revenues over the last year.

In France, the intermediaries can play multiple roles. Out of the 18,000 brokers in France, 7,000 are also tied-agents. This situation allows them to find the appropriate counterparty to endorse the remaining risks (generally large insurance risks) that cannot be borne by the insurance undertakings they are usually in contract with. The practice is both legal and widespread in France, and is not considered to be a specific issue, but instead one that generally satisfies client needs. It is deemed acceptable by the CCSF provided that relevant information is given to the client regarding the status of the intermediary at the point of sale³⁶.

Intermediaries may also handle claims on behalf of their clients. While considered a potential conflict of interest, in general respondents stated that the value of a long-term client relationship exceeds the value of a single contract, therefore the intermediary is disposed to act in the best interest of their client in claims handling. However the situation may be more sensitive for the intermediaries who are also setting-up the products but do not fall under the regulation of insurance undertakings i.e. master-brokers.

Credit institutions can offer insurance products within the French market and credit insurance is often a required component of a credit agreement. However the Lagarde Law of 1 July 2010 now introduces the right of the borrower to purchase an insurance product other than the product offered by the lender, provided that it offers a similar coverage level.

- **General reaction**

A majority of respondents stated that the existing directive already provides the necessary tools to deal with potential conflicts of interest. The scenario in which commission would be banned on the sale of insurance products was deemed to be

³⁶ See for instance ‘*Avis du CCSF sur les modalités des ventes concomitantes*», Comité Consultatif du Secteur Financier’, 4 May 2010

disastrous to the industry and consumers. It was believed that the majority of clients in France would not be willing to pay for advice on insurance products and could view fees as an additional and unnecessary cost. The scenario in which all the conflicts of interest would be disclosed raised the risk that clients would not take the time to read it and would have difficulties understanding it. In addition, it may also be burdensome for small intermediaries.

A few participants mentioned that when it comes to investment life-insurance contracts, the revenues coming from the underlying assets of the contract may also lead to potential conflicts of interest which are not addressed.

Bancassurance respondents also strongly disagreed with the assertion that a conflict of interest arises when banks sell credit insurance with loans. Instead, these respondents believed that there was in fact a convergence of interest between the client and the intermediary who is the beneficiary of the contract (i.e. the bank that granted the loan).

- **Key anticipated effects**

The scenario in which commission would be banned on the sale of insurance products would mainly impact the smallest brokers mainly focused on the retail market. Hence it was estimated that nearly 65% of 'pure' brokers (i.e. about 2,900 brokers³⁷) would not survive this scenario.

- **Anticipated Costs**

No specific cost estimates were volunteered, however the below cost areas were identified in particular.

- Regulatory costs – Costs to clients may increase as advice-based fees may become subject to VAT rules under a ban regime.
- Administration and Operational costs – A mandatory disclosure of conflicts of interest would lead to insurance companies printing and dispatching more documentation to their customers who in turn would neither read nor understand it

- **Anticipated Benefits**

- There are no benefits identified with the implementation of a ban on commissions.
- The benefits of introducing a conflicts of interest disclosure regime to the insurance market were considered to be increased transparency towards the customer if the conflicts were defined correctly.

- **Proposed amendment**

The following amendments were proposed:

- A few respondents suggested that the emphasis should be placed on high level principles based on a general duty of care or code of conduct.
- It was suggested that the register of conflicts of interest, the categorisation of retail clients and the appropriateness test as described in MiFID level 1 should not be extended to all insurance investment products.
- One participant suggested that clients have access to the annual accounts of the intermediaries.

³⁷ 'Pure' brokers refer here to the 4,500 brokers who only have a status of broker and brokerage as a core activity. As 85% of those pure brokers have less than 5 employees and are generally focused on the retail market, we estimated that around 3,800 will be the most impacted and that 75% of this category would not survive.

Impact analysis - Germany

Overview

The German insurance market is a mature and regulated market with a high penetration of insurance products among the population³⁸. Insurance undertakings in Germany rely heavily on intermediaries with more than 90% of business being executed via this channel. Direct writers, therefore, represent a minor share of the market.

There are 260,196 registered intermediaries in Germany. The majority of these intermediaries are rather small structures with an average of four to five employees. Whereas the insurance undertakings are under the supervision of the federal financial supervisor 'Bundesamt für Finanzdienstleistungen' (BaFin), intermediaries have to register with the Chambers of Industry and Commerce (IHK).

The transposition of IMD in Germany took effect on 22 May 2007 and represented a major change in Germany as insurance intermediaries (including brokers, agents, and sub-agents) were neither subject to authorisation nor to any other registration requirements at that time. Although no cost benefit analysis was undertaken in Germany a majority of market participants estimate that the adaptation to the new law was expensive and time consuming. Prior to transposition of IMD into German law over 400,000 insurance intermediaries were estimated to be active in the market (including part time intermediaries), a figure which has now dropped by over one third. Despite this drop, a number of the previous intermediaries are now active as 'Tippgeber', or referral agents, which are only allowed to refer prospects to intermediaries and do not have the right to advise customers.

The laws implementing the Directive 2002/92/EC on Insurance Mediation are the 'Gesetz zur Neuregelung des Versicherungsvermittlerrechts' and the 'Verordnung über die Versicherungsvermittlung und -beratung' (VersVermV).

Specifics of the member state market

Brokers	<ul style="list-style-type: none">• Brokers in Germany are defined as agents of the client without any assignment from the insurance undertakings. There are currently 44,573 registered insurance brokers.• Brokers remuneration can be fee or commission based in Germany. Commission is the prevailing system of remuneration for brokers operating in the retail German market.
Direct Writer	<ul style="list-style-type: none">• Insurance undertakings in Germany rely highly on agents or brokers for the distribution of their products.• Direct writing makes up less than 10% of distribution.
Bancassurance	<ul style="list-style-type: none">• Banks in Germany may operate either as a broker or as a tied agent when selling insurance products.• Within banks only one person needs to be registered as a insurance intermediary with the IHK. There is no obligation for all employees of the bank selling insurance products to be registered.
Agents	<ul style="list-style-type: none">• Agents who operate under an 'exclusivity clause' ('Ausschließlichkeitsklausel') with one or more insurance undertakings can either register themselves as tied or multi-tied agents

³⁸ What Consumers Want: General Insurance, Life Insurance and Pensions in Germany 2010, Datamonitor, Report Code: CM00039-050

	<p>(‘<i>Gebundener Versicherungsvertreter</i>’) where the insurance undertakings have to accept unlimited liability (<i>uneingeschränkte Haftung</i>) and register the agent with the IHK. Alternatively these agents can register themselves as insurance agents (‘<i>Versicherungsvertreter mit erlaubnis</i>’) by fulfilling certain requirements. The German intermediary market is dominated by 178,780 tied and multi-tied agents.</p> <ul style="list-style-type: none"> Agents which offer competitive products from various insurance undertakings need to register themselves as insurance agents (‘<i>Versicherungsvertreter mit erlaubnis</i>’). There are 33,605 such agents in Germany.
Other	<ul style="list-style-type: none"> German law also defines auxiliary product intermediaries (‘<i>produktakzessorische Versicherungsvermittler</i>’) who provide insurance products as an-add on to another product (e.g. travel insurance sold through travel agencies). Such intermediaries can act as either agents (2,916 registered members) or brokers (117 registered members). German law also defines insurance advisers who are only allowed to work on a fee basis with the client (no dependency on insurance undertakings). There are only 205 advisers of this category within the insurance intermediary market. Insurance advisers are allowed to provide advice but not to actually sell products to the client.

Industry participants to the study stated that they had adapted to multiple EU and national regulatory changes during the past years which have demanded considerable investments and have put an administrative burden on the industry. These included the transposition of the IMD in German law through ‘*Neuregelung des Versicherungsvermittlerrechts*’ in force since 22 May 2007, the new *Versicherungsvertragsgesetz*’ (VVG) in force since January 2008 and changes in the *Versicherungsvermittlungsverordnung* (VersVermV) in force since April 2009. Due to this, they believe that current national and EU laws provide for sufficient consumer protection in Germany. These participants also pointed out the negative impact of imposing further burden on the industry without the justification of a significant improvement of consumer protection.

Specific research topics

Part 1 - Extension of IMD to direct writers

- Current practices

Articles 12 and 13 of the IMD do currently not apply to direct writers in Germany.

- General reaction

The general reaction across the spectrum of German participants was mostly positive. Participants to the study believed that, given the maturity of the German insurance market, the extension of articles 12 and 13 to insurance undertakings would not have a very strong impact on the German market. Additionally, it was believed that although the German industry is already highly regulated, the extension of articles 12 and 13 would prompt a further strengthening of consumer protection. For example, it was stated by one respondent that it would discourage distribution of insurance

products through other channels (i.e. supermarkets) that may not provide the client with the same quality of advice as more qualified distribution channels. It was also believed that the articles would further hinder any potential misuse of loopholes or legal grey areas.

The extension of articles 12 and 13 to direct writers was also considered beneficial in providing a level playing field to other intermediaries, while simultaneously accommodating the distribution channels. This was considered important as the different distribution channels allow service providers to respond to customers' needs in a variety of ways. Therefore, insurance intermediaries and insurance undertakings should be subject to the same information and advisory obligations.

However, regarding article 12 (1b) (related to the registration obligation) direct writers did not see the point of regulating their employees. Registration of every sales employee would represent a one-off cost and a recurrent maintenance administration cost without providing any benefit to consumers. As insurance undertakings are liable for their employees and agents in Germany, it was stated that the registration requirements for insurance undertakings' employees and agents would entail an unnecessary administrative burden for the chambers of commerce and insurance undertakings for no good reason. Additionally, it was considered that distance selling should be exempt from any extension³⁹.

- **Key anticipated effects**

The main advantage of the extension of articles 12 and 13 to direct writers was believed to be a more transparent market for consumers, and the further progression of a level playing field both locally among different distribution channels, and at European level towards less transparent markets.

- **Anticipated Costs**

Supervision, Training and IT costs were not estimated, however the following cost areas were anticipated:

- **Regulatory Costs** – The registration cost at the Chamber of Industry and Commerce (DIHK) is (on average) €25, and this would be extended to approximately 40,000 employees. Thus the one off cost would be approximately €1m. In addition, the recurrent maintenance cost would be a factor due to turnover of employees.
- **Sales and Marketing Costs** – The adjustment for distance sales, if deemed to be in scope, with regards to documentation of advice (needs analysis, etc.) was believed to require significant investment costs in technology, training, storage, sales procedures amendment and marketing support. No specific cost estimates were received for this.
- **Administration and Operational costs** – It was stated by one industry participant that because the majority of German insurance undertakings currently provide the consumer with information and documented advice the cost of adjustment required by an extension of the articles has already been absorbed to some extent.

- **Anticipated Benefits**

The major benefit seen by participants is a progression towards a level playing field between direct writers and intermediaries in the German market.

³⁹ These points were made publically by the Germany Insurance Association GDV (*Gesamtverband der Deutschen Versicherungswirtschaft e.V.*), Insurance Association (ID 6437280268-55) on the Consultation Paper by the European Commission of 26 November 2010 on the Revision of EU Directive 2002/92/EC of 9 December 2002 on Insurance Mediation – “IMD2”
http://circa.europa.eu/Public/irc/markt/markt_consultations/library?l=/financial_services/insurance_directive&vm=detailed&sb=Title

The overall impact to the consumer is estimated to be somewhat limited due to the fact that the German market already offers a high level of consumer protection.

- **Proposed amendment**

The following amendments were proposed:

- The legal framework should consider the differences among products. For certain types of insurance products (i.e. auto, travel, home insurance etc.), customers are price oriented. For such products, there would not be improved consumer protection by providing more information or advice to the client although it would create more administrative burden.
- It was suggested that employees of direct writers (*‘gebundenen Versicherungsvertreter’*) have the same training certification obligation as other intermediaries in the German market. Currently only 31% of the intermediaries have a certified authorization to provide insurance services advice (a total of 79,612 insurance intermediaries).
- Distance sales should also be included in the review of the Insurance Mediation Directive according to one group as they believe that a real level playing field would only be achieved if all insurance intermediaries involved at the point of sale or point of advice would be in scope. The manner in which this advice is provided through distance sales channels could be in line with the format of this channel (e.g. use of online checklists).

Part 2 – Introduction of an ‘on request’ regime regarding remuneration

- **Current practice**

For life and health insurance products, the current German regulation has introduced transparency of costs through mandatory disclosure of one single figure, which provides the client with information on distribution costs (*‘Abschlusskosten’*⁴⁰), including remuneration.

Insurance advisers (a minor group in the intermediary market) are allowed to provide fee based advice to clients but not to actually sell products.

There is currently no ‘on request’ regime regarding remuneration within the insurance sector in Germany.

- **General reaction**

Disclosure of the nature and source of remuneration (as opposed to detailed remuneration values) received broad support across the spectrum of German stakeholders, although one consumer group felt that it did not go far enough and that detailed disclosure would be preferable. However, in lieu of this, a discussion on nature and source would be a positive development.

Overall the disclosure of the nature and source of remuneration was seen as beneficial to the client as it avoided ambiguity on the remuneration of the intermediary and increased understanding of the principal-agent relationship. In terms of anticipated costs, industry participants expected that a significant investment would not be required and that such a scenario would probably not generate structural changes on the existing distribution channels or negatively affect competition. It was also believed by industry respondents that much of the information required under this disclosure is already being provided to clients.

⁴⁰ Verordnung über Informationspflichten bei Versicherungsverträgen (VVG-InfoV)

On the disclosure of specific remuneration values, there was no such consensus. Although a disclosure of detailed remuneration would increase the transparency towards the client, the majority of industry participants perceived this information to be confusing and of little benefit to the consumer. It was believed that the disclosure of the amount or percentage of remuneration would not result in a comparability of products for the client nor indicate the quality of the product or advice. Instead, it was believed that competition among intermediaries on the basis of remuneration would not result in a better quality of advice, but possibly worse.

It was also stated by industry respondents that, from a customer perspective, being informed on the intermediary's remuneration could be confusing. Within the context of the German market, a similar product sold by the same type of distributors could entail different remuneration values because the remuneration would depend on a range of factors (i.e. years of experience of the intermediary, volume of sales, etc.). Neither would the difference of remuneration be directly related to the quality of the insurance product, the received advice or the range of services provided, however products with low premiums and high remuneration may be rejected despite the value of the coverage.

Insurance intermediaries also rejected the introduction of 'on request' disclosure regime on remuneration as they believed that it would demand a complex calculation in terms of identifying the items to be considered as remuneration and to distribute these costs over the different types of products. As a majority of German insurance intermediary firms employ on average only one or two employees, the process required to implement disclosure of remuneration would be too time intensive and technical for their business model. It was additionally stated that the intermediary remuneration in the insurance sector is volatile, and that sharp changes in remuneration (caused by bonuses, etc.) would be difficult to justify to the customer.

For a client purchasing through a direct writer or tied agents it was stated that there is limited potential for conflicts of interest via remuneration. As it would not be acceptable for direct writers to communicate their employees' remuneration, it was believed that disclosure of detailed remuneration would therefore provide direct writers with a competitive advantage. An excessively detailed breakdown of distribution costs, however, would be counter-productive for the client, and possibly generate structural changes in the market.

An additional argument against disclosure of remuneration in Germany is that this could generate difficulties in the application of the German law forbidding the ceding of (part) of the commission back to the client by the intermediary⁴¹.

- **Key anticipated effects**

In addition to potentially confusing clients, the disclosure of remuneration values was considered difficult to implement and a potential burden on intermediaries, as would an excessively detailed breakdown of distribution costs for direct writers. Products with low premiums but containing high remuneration might be rejected on the basis of the remuneration alone, rather than on consideration of the coverage benefit.

It was also believed that communicating the remuneration of the intermediary would create a competitive advantage for insurance undertakings as communication on salaries of employees is not allowed in Germany.

However, disclosure limited to the nature and source of remuneration would remove ambiguity regarding the remuneration of the salesperson.

⁴¹ This point was also made by Allianz SE in their public submission. See Allianz response to the European Commission's consultation on the review of the Insurance Mediation Directive (IMD), http://circa.europa.eu/Public/irc/markt/markt_consultations/library?l=/financial_services/insurance_directive&vm=detailed&sb=Title

- **Anticipated Costs**

The following cost areas were anticipated, although no specific estimates were given:

- IT costs – IT costs would be impacted due to processes and systems requiring updates.
- Administration and Operational costs – Administration costs for calculation of amounts could be high, especially for smaller intermediary firms due to the absence of a scale of economy. The scope of remuneration to be taken into account could also exacerbate the administration required due to increased complexity of calculations required.

- **Anticipated benefits**

The majority of participants could not see any actual benefit of an ‘on request’ disclosure of remuneration. They questioned the use and comparability of such a disclosure for the customer and believed that if implemented, it would lead to certain distributors manipulating the system to show lower remuneration values.

The benefits of disclosure of nature and source were considered to be a higher consumer awareness of the principle-agent relationship

- **Proposed amendment**

The following amendments were proposed:

- Rather than ‘on request’ regime regarding remuneration, a disclosure of distribution costs could be introduced. This would allow customers to better understand the impact that distribution costs have on the value of the product, similar to the disclosure for life and health insurance (where distribution costs may generate a reduction on yield, which in turn has a long-term importance to the client).

Part 3 – Introduction of higher level conflicts of interest rules

- **Current practice**

Conflicts of interest are regulated under the current requirements and obligations of the existing Insurance Mediation Directive as transposed into German law.

- **General reaction**

It was stated that a ban on commission would have a high impact on the consumer, who would be obliged to disburse not only the premium for the purchased insurance but also a commission for the received advice. This additional fee could discourage lower income clients from seeking advice from intermediaries, which in turn would result in deterioration of the overall insurance cover for the population, especially for the less affluent.

Additionally, it was believed that a ban on commission would result in structural changes to the market since it would generate major changes in the current distribution channels. Industry participants believed that any future directive should respect the diversity of existing distribution structures in Germany, which they believed efficiently responded to customer demands and needs. Intermediaries pointed out that the distribution channel of insurance advisers already exists in Germany, but remains minor⁴², thereby displaying that this distribution channel is not popular. Additionally, it was believed a ban on commission would eventually

⁴² This point was made publicly by the Bavarian State Ministry of Justice and Consumer Protection in their submission. See V3140-XI-50/2011, Consultation on the review of Directive 2002/92/EC on insurance mediation, http://circa.europa.eu/Public/irc/markt/markt_consultations/library?l=/financial_services/insurance_directive&vm=detailed&sb=Title

generate incentives to purchase insurance products through distance sales channels which are currently out of the IMD scope.

Insurance undertakings interviewed were also against a ban on commission. German insurance undertakings currently rely mainly on agents and brokers for their insurance products' distribution, and a ban on commission would result in widespread internalisation. In this case, the impact on the market structure and on human resources budgets would be very significant. It was also believed that premium prices would actually increase, due to the higher costs of marketing and distribution that would be necessary. Consumers would not be willing to pay the additional fees for advice, and therefore the intermediary market, and the advice provided through this channel, would decline sharply. For similar reasons, a ban on commission was also considered to be of huge detriment to competition within the market.

Regarding the scenario where mandatory communication of conflicts of interest was provided, it was believed by many participants that this would be positive for the client, insofar as they would have a better understanding concerning matters of dependency as well as incentives that may cause conflict with the interests of the client.

However, if the communication results in stakeholders simply providing customers with a general list of potential conflicts of interest, then this would be of far less value. Such an approach was considered to be merely bureaucracy for the client and insurance sellers, and the actual information could go unnoticed by the client among the documented advice received.

It was also stated that, should the disclosure of conflicts of interest be principal-based, this could lead intermediaries to define their own conflicts, which in turn could result in a wide array of disclosures. This would make it difficult for the client to have a clear understanding as to effects of the conflict of interest on their choice of product.

From the industry perspective, even if this measure is not expected to cause any major structural changes in the market, it is difficult to estimate the costs that it would entail. Participants stated that this would depend on the exact obligations that would result from any regulation.

- **Key anticipated effects**

It was believed that a ban on commission would have very negative effects both for the consumer and for the insurance industry and would lead to structural changes in the market. From the consumer side, lower income customers would be unwilling to pay for intermediation fees in addition to insurance products. This would reduce insurance coverage for the less affluent. For the insurance industry, a ban on commission could generate structural changes that could generate a sharp decrease in the number of insurance brokers and agents operating in the market.

Mandatory disclosure of conflicts of interest could be of use to the consumer, however it would depend on the nature of the communication. A surplus of information was considered to be of low value and potentially confusing to clients.

- **Anticipated costs**

The following cost areas were identified. No specific estimates were offered:

- IT costs – A ban on commissions would generate a high level of restructuring costs.
- Administration and Operational costs – A ban on commissions would generate higher fixed costs as intermediaries become employed salespeople.
- Other costs – If a ban on commission was introduced, it was believed that competition would suffer hugely as the intermediary market would decline sharply.

-
- Administration and Operational costs – Regarding disclosure of conflicts of interest, marginal costs were anticipated with regards to a static list of conflicts of interest on a yearly basis. However, if intermediaries were required to permanently recalculate for instance the percentage of revenues coming from insurance undertakings during the year, this would entail high implementation and management costs.
 - **Anticipated benefits**
 - No benefits are anticipated from the implementation of ban on commissions in Germany.
 - If conflicts of interest are identified and communicated to the client in a comprehensible manner, this could result in an improved level of transparency for the client.
 - **Proposed amendments**

The following amendments were proposed:

 - A cumulative 10% shareholding (e.g. multiple insurance undertakings with less than 10% holding each but cumulatively more than 10%) in a distributor should be taken into account to ensure that independent advice is given to the client.
 - Brokers should prove on a periodic basis that they are distributing products from a range of insurance undertakings. However, this should be relative to market size, since for some niche insurance products, it might be the case that just one or a few insurance undertakings are offering the product.

Impact analysis – United Kingdom

Overview

The UK market has ‘on request’ disclosure of remuneration as a feature of the retail insurance market, as well as incoming ban on commission for investment sales, making it a highly relevant case study. Other key features of the UK market are the very extensive regulation, high levels of sophistication, high competition and advanced business models within the insurance sector. Our one-to-one interviews across the regulatory, consumer interest, direct sales and intermediary sectors in the United Kingdom displayed a broad consistency of opinion in relation to certain areas of the study.

Two key concerns advanced by a number of sectors in the UK focused on the incentives to introduce legislation, and the effectiveness of proposals considered. Firstly a number of UK respondents cited that an EU directive should only be introduced if there was a key consumer issue to be addressed. These respondents believed that the creation of a level playing field was insufficient justification to introduce a high level directive, and that this should only be done when evidence of clear consumer detriment could be cited. Furthermore there was a universal rejection from respondents of the idea that an ‘on request’ regime regarding remuneration would deliver anything in the way of consumer benefit. However, on this matter one consumer group said that only mandatory disclosure would be of use, however others believed (and cited supporting research, see below) that mandatory disclosure could confuse customers. All participants to the study believed that a ban on commission within the insurance market would be extremely negative.

Specifics of the member state market

Brokers	<ul style="list-style-type: none">The broker market in the UK is highly developed, with brokers accounting for two thirds of the market overall. Brokers are well represented in the distance sales markets, including call centre and web distribution channels.
Direct Writer	<ul style="list-style-type: none">Direct writers in the UK were initially covered under articles 12 and 13 as part of a ‘gold plated’ transposition of the IMD, however this was subsequently rolled back in line with a new approach by the regulator whereby gold plating of directives would be avoided in order to avoid excess cost to industry. Direct writers are also well represented in the distance sales market
Bancassurance	<ul style="list-style-type: none">Bancassurance is not a significant distribution channel in the UK, and although it has grown, it still remains below 5% of the market.
Agent	<ul style="list-style-type: none">The agent market is relatively small in the UK, representing below 17% of the market from 2006 to 2008.
Other	<ul style="list-style-type: none">The distance sales market in the UK is highly advanced with many operations marketing insurance products (as opposed to actually selling them) not considered to be intermediaries and therefore exempt from the IMD.There is a surprisingly extensive practice of realising ancillary revenue from the sale of client data in the UK insurance market, with client data being sold to salespeople, lawyers, garages, car hire firms and doctors.

Prior to the IMD, insurance mediation was not an activity which required authorisation from any government department or regulator in the UK. The industry was self-regulated by the General Insurance Standards Council (GISC) and the 6,000 plus firms which belonged to GISC were bound by a code of conduct enforced by GISC⁴³.

The UK implemented IMD in January 2005, however, the transposition was controversial as it led to the replacement of GISC (General Insurance Standards Council) and introduced the FSA as the competent authority for the regulation of the general insurance (non-life) market. Prior to this, the FSA had already regulated the mediation of life products. After the FSA took over the regulation of the non-life sector and introduced the Insurance Conduct of Business Sourcebook (ICOBS) regulations, which was considerably more detailed and complex than the previous GISC regime, there was broad industry criticism.⁴⁴

The Davidson Review on the Implementation of EU Legislation in 2006, commissioned to examine whether regulatory burdens created by the transposition of EU legislation could be reduced or simplified, concluded that the transposition of the IMD in the UK ‘...has seen the industry subjected to full Financial Services Authority regulation which started with the aim of protecting consumers rather than doing only what was necessary to implement the IMD and the Distance Marketing Directive’⁴⁵. The review subsequently recommended that the FSA should reduce its rules to the level required by the directive in several areas. Subsequent to this, articles 12 and 13 were rolled back from direct sales in 2007.

Specific research topics

Part 1 - Extension of IMD to direct writers

- **Current practices**

Articles 12 and 13 of the IMD were originally applied to direct sales, however this was subsequently rolled back in order to minimise costs to industry and increase competitiveness as the original transposition was considered to be excessively gold-plated, a view with which the FSA later agreed.⁴⁶

- **General reaction**

There was a range of opinion given in relation to the extension of articles 12 and 13. Direct writers stated that the original extension created high costs for their operations with respect to changes to systems, training, policy documentation and internal supervision. The overall cost of adapting to the gold-plated transposition of the IMD to the UK market in 2005 was estimated by one direct writer at a total of €22.9m⁴⁷ for the full life-cycle cost. This was included €6.6m of initial costs, and €2.9m per annum afterwards.

⁴³ Davidson Review, Implementation of EU Legislation, Final Report, November 2006

⁴⁴ See Annex D: Case study for the United Kingdom, Comparative Implementation of EU Directives (III) – Insurance Mediation, CRA International, May 2007

⁴⁵ Davidson Review, Implementation of EU Legislation, Final Report, November 2006

⁴⁶ In the FSA’s review of ICOB, they concluded that ‘there are a number of areas where ICOB is superequivalent. Our review found that for ‘other’ insurance products some rules are now ineffective or disproportionate in correcting market failures. Where this is the case we propose to use ‘intelligent copyout’ from the relevant EU directives. In other words, our rules for ICOB will be based on the copy-out directive text to avoid placing any unintended additional obligations on firms.’ Financial Services Authority, ICOB Review, Interim Report: Consumer Experiences and Outcomes in General Insurance Markets, p.55, March 2007, http://www.fsa.gov.uk/pubs/other/ICOB_review.pdf

⁴⁷ Data was received in GBP and was converted to Euros at the rate of 14 May 2011 (1 GBP = 1.1471474006 Euro) taken from XE, in order to be consistent with other financial estimates given in the report, see http://www.xe.com/ict/?basecur=GBP&historical=true&month=5&day=14&year=2011&sort_by=name&image.x=44&image.y=10

Brokers believe that they are at a significant disadvantage to direct sales, particularly in the area of distance sales, due to the impact on profitability in such a low margin business. This logic was supported indirectly by other industry respondents who stated that even the slightest change to documentation or sales call duration had the potential to negatively impact profits, particularly in the sale of commoditised non-life products such as car insurance.

There was also debate on the merits of extending articles 12 and 13 solely to establish a level playing field. Various respondents stated that the advancement of a level playing field alone was insufficient grounds to apply articles 12 and 13 to direct sales. Instead, these respondents wanted to see a specific consumer detriment being addressed. Additionally, there was a strong concern that distance sales would be affected negatively⁴⁸.

Brokers, by contrast, wish to see the articles extended⁴⁹.

- **Key anticipated effects**

The extension of articles 12 and 13 would further a level playing field in the UK insurance market, as well as leading to a slight increase to policyholder protection and premiums charged.

- **Anticipated Costs**

The below were cited as additional areas of cost:

- **Regulatory Costs** – The cost to the regulator to capture direct sales under the extension of articles 12 and 13 was deemed to be a minimal part of the cost of a future directive. However, barriers to entry were considered likely to increase, and although the main reason for this was the capital cost of entering the market, increased regulatory costs were also considered a significant barrier.
- **Internal Supervision Costs** – For compliance costs, it was estimated that a €5,735 once-off cost would be incurred, and recurring costs of €45,885 per annum
- **Sales and Marketing Costs** – Once-off costs were estimated by one direct writer to be €111,273, with recurring costs at €4.7m in relation to increased sales time and additional documentation. Another direct writer estimated their costs to be €11,471 to cover the additional information requirements, a once-off cost of €22,942 to cover statements of demands and needs, and recurring costs of €775,471.
- **Administration and Operational Costs** – The additional time for back-office processing was considered to be a once-off cost of €2,294 and recurring cost of €45,885. It was believed that either an increase to premiums charged to customers or a lessening of direct writer's profitability due to the increased operational costs would occur.
- **IT Costs** – One direct writer estimated a once-off cost to IT systems to be in the region of €28,678 with no further recurring costs.
- **Other Costs** – It was believed that a further decrease to the availability of advice (as opposed to the quality of advice, which remains at the same standard) would occur as more intermediaries and direct writers switch to non-advised sales in order to circumvent regulatory costs.

⁴⁸ Organisations who publically stated one or more of these opinions included Aviva, the Association of British Insurers (ABI), Genworth Financial, Inc and the Investment and Life Assurance Group (ILAG). http://circa.europa.eu/Public/irc/markt/markt_consultations/library?l=/financial_services/insurance_directive&vm=detailed&sb=Title

⁴⁹ In public submissions, the following organisations were supportive of an extension of articles 12 and 13 to direct writers with some specific limitations: HM Treasury and the Financial Services Authority (in a joint submission), St James' Place Wealth Management, RMI (Retail Motor Industry), Legal and General, DAS UK, Dart Compliance Ltd, Bluefin Insurance Services Ltd, AIFA (Association of Independent Financial Advisers) and the AMI (Association of Mortgage Intermediaries). http://circa.europa.eu/Public/irc/markt/markt_consultations/library?l=/financial_services/insurance_directive&vm=detailed&sb=Title

- **Anticipated Benefits**

- A progression towards a level playing field between intermediaries and direct sales.
- A slight increase in policy holder protection.

- **Proposed amendment**

The following amendments were proposed:

- In the UK market it was suggested that the obligatory disclosures contained within articles 12 and 13 actually be reduced for certain commoditised products. It was argued that some served no practical purpose and only increased the administrative burden in an area where intense competition had already driven down prices for consumers. Statements of demands and needs given as a single sentence over the phone in distance sales were given as one such example.
- Another respondent stated that for articles 12 and 13, there is a mix of provisions that should be separated. In the UK market the emphasis is on active management of conflicts of interest rather than simple disclosure. Therefore it was suggested that the conflicts of interest provisions should be withdrawn from articles 12 and 13 and dealt with separately.

Part 2 – Introduction of an ‘on request’ regime regarding remuneration

- **Current practice**

The UK market recognises three forms of remuneration disclosure. ‘On request’ disclosure is passive, and the client is not informed of their right to request remuneration details. ‘Enhanced on request’ disclosure is where the client is actively informed that they can ask and finally ‘mandatory’ disclosure, where the client is given the remuneration information directly.

On request disclosure is already a feature of the UK market but it has developed with the natural evolution of different UK laws (being Agency, Common and Commercial Laws) and was not introduced as a regulatory initiative. On request disclosure in the retail market is largely derived from Agency Law, wherein it is recognised that an intermediary can be deemed to be either an agent of the client or the undertaking at different parts of the sale. Practically this means that all brokers and most agents (estimated at 70% by one respondent) would feel compelled to disclose on request.

Under commercial law on request disclosure is in force, and there is mandatory disclosure if an intermediary adds additional margin to a product. Also, within the cooling off period (for retail clients) cancellation fees apply but the remuneration element must be given back to the customer.

Binding authority is not considered to be a feature of the UK retail insurance market.

- **General reaction**

There was unanimity amongst UK respondents that ‘on request’ mechanisms of disclosure contribute little or nothing to consumer benefit. There was also clear recognition from all participants that price alone dictated the majority of sales in commoditised insurance products. Additionally, regarding a discussion on distribution costs for direct writers within disclosure on the nature and source of remuneration, the reaction was universally negative. Respondents believed that a discussion focused on distribution costs would only confuse, and potentially mislead, consumers in their purchasing decisions. Regarding the correct extent of disclosure, industry respondents were divided as to how to fairly capture and disclose

remuneration data in a way in which the market would not be distorted between direct sale and intermediaries⁵⁰.

Opinion diverged further after this point, with a consumer association claiming that mandatory disclosure would assist consumers by displaying what portion of their premium was given over to risk and cost elements and what portion was given over to remuneration. They believed that a consumer, on seeing two equal premiums for the same product, would choose the product with the least amount offered as remuneration. Short of mandatory disclosure, the consumer association did support disclosure of nature and source of remuneration, but was clear that this was far below the utility of full and detailed disclosure.

Beyond disclosure on the nature and source of remuneration (which all respondents were happy to accept assuming it did not address distribution or binding authority), industry respondents were opposed to any enhancement of the disclosure regime and questioned the actual value of disclosure due to the absence of consumer interest in the subject. On the matter of choosing between policies on the basis of remuneration levels, industry respondents stated that disclosure of remuneration could lead to counter-productive choices by consumers, and that the split between the risk and remuneration values in the premium would not have any bearing on the quality of the product. Additionally, various studies on disclosure of detailed remuneration in the retail and SME insurance market show little evidence that detailed remuneration disclosure is of benefit to the client in their purchasing decision⁵¹.

In addition to the largely negative reaction towards the value of a detailed remuneration disclosure was the sheer complexity of finding a balanced remuneration calculation that could be applied across the market, including the acquisition costs of direct sales as well as the remuneration of intermediaries. Benefit-in-kind items such as soft loans (often given to purchase a competitor's operations), educational trips and ancillary revenues would need to be taken into account for intermediaries. Also, both intermediaries and direct sales benefit from the sale of client data to third parties. One respondent stated that if all forms of remuneration were not captured, then the remaining forms would be exploited.

Another issue that was cited as a matter of complexity was capturing commission data through the chain of intermediaries. Whereas the chain of intermediaries in retail insurance is low (one to two people in general), in commercial insurance it may be very long due to the specialised or niche products offered by some insurers, plus business chains going through different jurisdictions. This has implications for firms wishing to conduct cross border retail business in the future.

- **Key anticipated effects**

A number of key effects were given by several respondents:

⁵⁰ A broad range of opinion was also expressed in the public submissions to the Commission. The majority of these submissions favoured disclosure of remuneration, but often with important caveats. A number of organisations supported disclosure for intermediaries only but not for direct writers (see submissions from Legal and General, Lloyd's Market Association and joint submission from HM Treasury and the FSA), while others supported disclosure with 'commission equivalent' or distribution costs (see submissions from the AIFA, AMI, and Bluefin Insurance Services Ltd.). Other groups supported disclosure only where the product was long-term or had an investment element (see submissions from the ABI and Genworth Financial, Inc.). Other organisations rejected the concept entirely, including RMI and ILAG. The majority of submissions which specified the level of disclosure favoured an 'on request' regime. http://circa.europa.eu/Public/irc/markt/markt_consultations/library?l=/financial_services/insurance_directive&vm=detailed&sb=Title

⁵¹ See for example the following research: ABI Research Paper, Impact of commission disclosure in general insurance personal lines, Analysis of the motor and travel insurance markets, Report from Charles River Associates, 2010, General Insurance Disclosure Research, Research Report prepared for Financial Services Authority by IFF Research Ltd 17 July 2008, Information versus Persuasion: Experimental Evidence on Salesmanship, Mandatory Disclosure and the Purchase of Income and Loan Payment Protection Insurance David de Meza, Bernd Irlenbusch, Diane Reyniers, London School of Economics, November 2007, SME Insurance, Commission Report, Research carried out by NMG Financial Services Consulting, November 2008

- Disclosure ‘on request’ on the nature and source of remuneration was considered to be positive and acceptable to all respondents, although within this concept they universally rejected discussion of distribution costs and binding authority (the latter doesn’t apply in UK retail sales).
- Remuneration disclosure on request would have no effect on the consumer purchasing decisions as it already exists.
- Enhanced remuneration disclosure would have either no effect or a minor negative effect on the consumer market. It is also present in the UK to some extent as BIBA (the UK broker association) recommend to their members that they communicate the right to ask to their clients.
- Mandatory remuneration disclosure would only confuse consumers and would actually have a negative effect on consumer behaviour. This was disputed by one group however the cited research supports the majority opinion.
- Depending on the level of remuneration disclosure, undertakings might attempt to shift more administration and services to brokers which would form a stream of revenue for brokers but would in turn have to be displayed as remuneration. This would distort the market.

• Anticipated Costs

The introduction of an ‘on request’ disclosure of remuneration regime at directive level would have little cost for the majority of the UK insurance market, assuming the disclosure were limited to the final intermediary level. However, distance sales estimated the following costs:

- Internal Supervision – This was estimated at a once-off cost of €5,735 and a recurring cost of €11,471
- IT systems – A once-off cost of €17,207 was estimated with an annual recurring cost of €11,471 thereafter.

• Anticipated benefits

As an ‘on request’ disclosure of remuneration is already in place in the UK for the majority of the UK market, there would be no additional benefits beyond an increase in the number of agents who would disclose remuneration ‘on request’.

• Proposed amendment

The following amendments were proposed.

- Some commercial respondents stated that the extension of articles 12 and 13 to direct writers would actually be superior to the client than a discussion on remuneration. They stated that, should direct writers state that they do not provide fair analysis, this would prompt increased ‘shopping around’ by the consumer. This was believed to be of greater utility than a discussion of remuneration.
- Within the ‘on request’ disclosure of nature and source of remuneration, all participants rejected the utility of discussion on distribution costs and binding authorities.
- A consumer association suggested that remuneration disclosure either become enhanced or mandatory instead of ‘on request’ and that it provide detailed remuneration data.

Part 3 – Introduction of higher level of conflicts of interest rules

• Current practice

An important feature of the UK market in relation to a revised Insurance Mediation Directive is the advanced nature of both the regulation and the existing business models. In the United Kingdom, the emphasis is not on disclosure of conflicts of interest, but actual management of conflicts. Also, UK insurance companies can elect

to be treated under either the Conduct of Business Sourcebook rules (COBS, containing the transposition of MiFID) or the Insurance Conduct of Business Sourcebook rules (ICOBS) depending on the product type. Products with an investment element go directly under COBS by definition. This over-arching regime means that no insurance products fall into regulatory 'grey' areas, including PRIPs products.

- **General reaction**

Our interviews with UK stakeholders directly affected by regulatory change revealed a number of key concerns. Firstly was that a new directive could introduce a lower level disclosure regime (as opposed to an active management regime⁵²) which will burden the industry with new administration without any customer benefit. In support of this (and in relation to remuneration disclosure) one study on the effects of regulation of general (non-life) insurance suggested that additional disclosures which lengthened the sales process in motor insurance telesales resulted in people shopping around less often than before, and thereby, receiving less value than before.⁵³

A second issue was that a commercial sector deemed to be of major customer detriment – price comparison websites – was not captured by any insurance regulation due to the fact that they are marketing entities rather than financial services firms.

Other conflicts of interest cited were the cross-subsidisation of financial services products (specifically Payment Protection Insurance, or PPI), which in some cases have such a high remuneration for the sales channel involved that it can be used to subsidise the interest rate of the loan in question) and the apparently extensive practice of selling client data to third party service providers in order to generate ancillary revenue.

For a regime based on MiFID level 1, there was broad industry concern regarding the 'appropriateness' being applied in the sale of products. One undertaking which relied on distance marketing for simple investment products stated that if client profiling was introduced for the products that they sold, they would have to entirely change their business model to comply, and this would drive up costs for consumers. The same undertaking stated that they had never once had a complaint against their firm upheld by the ombudsman, and therefore there was no good reason to introduce an onerous regime without clear evidence of customer detriment. This view was supported by other industry respondents.

The scenario in which commission would be banned on the sale of insurance products was considered to be disastrous to the UK industry and consumers. Although the Retail Distribution Review bans commission on investment products, this was not deemed to be compatible with the sale of insurance due to two main reasons. First, unlike the direct link that may exist between the cost of the intermediary's commission and the final investment value of a product, risk products define coverage benefits in advance and the commission of the sales person has no effect on the outcome of the product should the risk be realised⁵⁴. Second, the economics of selling retail risk products are not considered to be profitable enough to support a full advisory fee without drastically increasing premium costs to customers. For example, one undertaking stated that the commission on a successful sale was only €2.29 per

⁵² An emphasis on management of conflicts of interest rather than disclosure is a characteristic of the UK market. A number of submissions to the consultation reflect this, including those from Legal and General, Lloyd's and the joint submission from HM Treasury and the FSA.
http://circa.europa.eu/Public/irc/markt/markt_consultations/library?l=/financial_services/insurance_directive&vm=detailed&sb=Title

⁵³ Market impacts of regulating general insurance, CRA International, March 2006, prepared for the Association of British Insurers.

⁵⁴ See for example the answer to question to B.4 in the public submission made by ILAG, ID Number 1594596378-53, EC Consultation Document – Consultation on the Review of the Insurance Mediation Directive (IMD), 28 February 2011,
http://circa.europa.eu/Public/irc/markt/markt_consultations/library?l=/financial_services/insurance_directive&vm=detailed&sb=Title

product for their call centre staff. By contrast, the cost of providing a full advice service was calculated at up to €768 in a research paper⁵⁵. While some respondents representing intermediary firms stated that the sector would attempt to create new business models to circumvent a ban, overall respondents believed a ban on commission within insurance was simply unworkable within the UK market.

- **Key anticipated effects**

The key anticipated effects depended on the conflict of interest regime being discussed.

- If ‘appropriateness’ tests were to be introduced to the sale of insurance investment products, it could change the business model for some distributors and push up costs for consumers.
- A mandatory disclosure of conflicts of interest would lead to insurance companies printing and dispatching more documentation to their customers who in turn would neither read nor understand it. Many respondents believed that customers would simply bin the additional information⁵⁶.
- The ban on commission was considered to be hugely detrimental to all stakeholders and completely without merit in the context of the UK market. Brokers felt that if introduced, some brokers would find a new business model to circumvent the restrictions, but in the main it would lead to massive internalisation.

- **Anticipated costs**

The following costs were anticipated:

- Internal Supervision – For disclosure of conflicts of interest, a once-off cost of €11,471 was estimated by one direct writer with recurring costs of €22,942 to cover required compliance efforts.
- Sales and Marketing Costs – One respondent stated that in distance sales, they are right on the threshold of what can be posted at the lower rate. Even a slight increase to documentation would lead to an additional 31c to postage costs to clients and these costs would have to be recovered directly from clients. One direct writer considered the cost of communicating conflicts of interests to clients at a once-off cost of €45,885 and a recurring cost of €2,037,333 per annum.
- IT systems – Depending on the nature of the business model and current level of IT infrastructure, IT systems may have to be upgraded in order to carry additional client data (especially for MiFID level 1 and appropriateness testing). For conflicts of interest data capture, once-off IT costs were considered to be €80,300 with recurring costs of €11,471.
- Other Costs – For the ban on commission, the market disruption from massive internalisation would be highly disruptive.

- **Anticipated benefits**

- Due to extensive and comprehensive regulatory regime in place in the UK, plus a proactive conflicts of interest regime, benefits to the retail market of a MiFID-style disclosure regime would be low.

- **Proposed amendments**

The following amendments were proposed:

- Some respondents suggested that the emphasis should be placed on management of conflicts of interest rather than disclosure.

⁵⁵ Given as £670 in ABI Research Paper No. 22, 2010, Cost of Providing Financial Advice, Identifying and quantifying the cost of the key components of a full advice service, Report from Charles River Associates

⁵⁶ This opinion was also publically stated by the ABI in their submission, Review of the Insurance Mediation Directive, The ABI's response to the European Commission's Public Consultation, http://circa.europa.eu/Public/irc/markt/markt_consultations/library?l=/financial_services/insurance_directive&vm=detailed&sb=Title

-
- It was suggested that the appropriateness test as described in MiFID level 1 should not be extended to insurance investment products.

Additional Questions

Varying responses were received on the additional questions posed.

- One respondent stated that there should be a single rule for disclosure of remuneration and conflicts of interest for all products, with the exception of an insurance product sold to employers to cover sick-pay for employees, as this was not a retail insurance product, even though employees benefitted indirectly.
- Another respondent stated that minimum disclosure requirements should apply to non-PRIPs insurance policies, and that these disclosures should be standardised in line with existing regulations such as MiFID.

Other Comments

One feature of the UK insurance market which has not been observed in other member states involved in the study is the advanced nature of the web-based distribution systems, the characteristics of which may have implications for insurance markets across the EU.

Web distribution is intensely competitive and it was estimated by a number of respondents that over 70% of car insurance (for example) now begins on a price comparison site.

This particular market has become so competitive that there is now an element of below cost selling in the UK auto insurance market, where intermediaries are willing to accept a loss on the insurance product in order to gain the customer and sell ancillary insurance in the form of windscreen or breakdown cover.⁵⁷ Additionally, respondents described comparison websites whose business models do not derive profit from introducing clients to insurance firms, but are profitable purely from the sale of user data to salespeople, lawyers, garages, car hire firms and doctors (after the sale of this data, the client receives sales calls from these third parties). Respondents from direct sales confirmed that some of these activities are also carried out in their own sales channels.

Despite these market innovations, the UK private motor insurance market has not recorded an underwriting profit in any year since 1994⁵⁸.

⁵⁷ ABI Research Paper, Impact of commission disclosure in general insurance personal lines, Analysis of the motor and travel insurance markets, Report from Charles River Associates, 2010

⁵⁸ ABI Data Bulletin, Analysis of the UK motor insurance market 2009, August 2010

VI. Impact Analysis Findings

In our interviews across each of the chosen member states, we received a broad range of opinion from participants. This was to be expected across insurance markets as diverse and complex as those of the EU members as there are different levels of maturity and sophistication within the respective markets to be taken into account, as well as different market organisation, legal structures and regulatory approaches. It was also a purposeful choice on behalf of the research to examine countries with a low correlation to each other to assess whether any common opinions existed in relation to the posed scenarios.

Despite the inherent challenges, a number of broad themes have appeared in responses. This does not mean that all the proposals have been universally accepted, however, it does point to a minimum common ground which may assist in future market harmonisation, albeit at a gradual pace.

As could be expected, different stakeholders concentrated on their own specific area of expertise and responsibility. Within distribution, the reactions of market players were often quite closely linked to the prevailing laws and regulations on insurance mediation in that market, as this creates the framework for insurance sales and customer interaction. For example, the legal understanding of ‘agency’ was radically different between the UK and Finland, and thereby produced a different market structure with dissimilar business models and commercial concerns. This in turn impacted heavily on the discussion of each proposal, regardless of whether it was the extension of articles 12 and 13 to direct writers, disclosure of remuneration or enhanced conflicts of interest measures.

Extension of Articles 12 and 13 of the Insurance Mediation Directive to direct writers

It was clear from our discussions that the extension of articles 12 and 13 to direct writers would not impede either industry or regulators significantly as most direct writers surveyed already provided the majority of the information required under the articles to consumers. Implementation costs to industry are only likely to be more significant where the extension would trigger additional regulatory obligations in excess of those laid down specifically in the directive, or where registration and associated training regimes are extensive in nature. Significant costs associated with the extension of the articles in the UK, for example, are derived primarily from the original gold plated transposition of the IMD by the FSA and its coupling with provisions from the DMD, and were not caused directly by the actual directive itself.

Unsurprisingly, given the generally mature markets involved, most participants from the surveyed member states believed that there would be limited material impact on retail consumers due to the high levels of disclosure already present in their industries, as well as the high customer protection afforded by other domestic laws. Correspondingly, member states which have yet to reach the level of sophistication, regulation and enforcement of the countries surveyed in this report can be expected to benefit more from the extension of the articles.

Another aspect which may influence the level of consumer benefit concerns the characteristics of the member state market in question. Member states which experience extensive use of multi-channel distribution models, whereby consumers can access similar products through a variety of channels, may benefit more than those markets where traditional distribution strategies predominate. Where the multi-channel strategy is pervasive, it is clearly in the consumer’s favour to have

greater standardisation and consistency of information between distribution channels.

A second compelling reason for the extension of the articles concerns the level playing field within local markets. Direct writers do appear to enjoy some advantage over intermediaries, although the impact of this depends heavily on the nature of the business model involved and the local transposition of the articles. While a number of participants challenged the need to revise a directive based on the progression of level playing fields alone, it would seem appropriate to do so if this would ultimately contribute to greater competition in the market and led to lower costs and greater product availability for consumers.

Disclosure of remuneration

Disclosure of remuneration was a divisive topic, but one that ultimately found a compromise satisfactory to the majority of respondents.

As can be expected, the greater the depth and scope of disclosure, the more polarised were the opinions of participants. Many claims suggesting completely different outcomes were made in the course of surveys in relation to disclosure of detailed remuneration data (i.e. data given in cash value or percentages). The claims made in relation to the introduction of this policy included price adjustments (both up and down) for consumers, internalisation of distribution channels versus an advantage for brokers, and finally no market effect whatsoever. Exponents of the concept typically cited greater transparency on costs, plus the ability to objectively judge the quality of the product as well as the services (e.g. claims handling) offered by the distribution channel. Opponents stated that no significant market effect would occur due to the 'on request' nature of the regime, and that the quality of the product would not be revealed by remuneration disclosure as the benefits of (particularly risk) products were generally defined in advance of the purchase.

In this matter, where such a spectrum of opinion was ventured, it was natural for us to give emphasis to the opinions which were based on past market experience and cited research. In this respect, we gave primacy to the opinions ventured in the UK market, where a *de facto* on request regime already operates. Stakeholders interviewed in this market believed, based on their own experiences and that of commissioned studies, that an 'on request' regime would contribute little to nothing⁵⁹ to consumer welfare due to two overriding factors. These factors are, firstly, that price above all is the main influence in a purchasing decision and, secondly, that consumers would be unlikely to ask, or to even know their right to ask. Both industry and consumer advocates in the UK were unanimous on this point.

Beyond this point, stakeholder opinion was polarised. One consumer body theorised that mandatory disclosure would benefit consumer decision making by making distribution costs (and thereby, the risk portion of the premium) more transparent. Industry stakeholders countered this argument by stating that coverage was defined in advance and that this determined suitability, not price, and also pointed towards the existing effect of market forces in commoditised insurance products.

However our research suggests that, while the utility of detailed disclosure is debated, the widescale implementation of such a proposal is likely to be fraught with difficulty. One main challenge within the introduction of detailed remuneration disclosure within a directive is the difficulty of finding an appropriate balance between intermediaries and direct writers. Many industry stakeholders across the surveyed countries stated that it would be possible for some firms to disguise, manipulate or

⁵⁹For example one report concluded the following: "The net benefits of commission disclosure are small and it is not possible to conclude that they are different from zero. The net quantified benefit for the disclosure of commission equivalent is negative." See Analysis of the motor and travel insurance markets, Report from Charles River Associates, 2010, p.3

shift certain costs or revenue sources along the distribution chain in order to maintain a lower remuneration cost than exists in actuality. This in turn would necessitate the actual capture of remuneration along the chain of intermediaries, and the inclusion of all costs related to distribution and acquisition, be it direct incentive (i.e. commission) or indirect or delayed (e.g. bonuses and payment in kind). There is also the added barrier of including overseas or cross border costs, which in turn may impact on the facilitation and development of an EU-wide insurance market.

By contrast to the difficulties of both acceptance and implementation displayed above, the scenario where disclosure on the nature and source of remuneration was offered 'on request' found broad backing amongst all stakeholders surveyed in all five states. Industry stakeholders generally believed that it represented a fair and modestly beneficial regime, with the clear caveat that it should not be developed into a regime of detailed remuneration disclosure. While consumer advocates and some other respondents believed that mandatory disclosure of detailed data would be preferable, all accepted disclosure of nature and source of remuneration as a positive step forward. On both sides the vast majority of respondents believed that any discussion regarding the distribution costs of direct writers would be superfluous, confusing and potentially misleading, and preferred the regime to be limited to the central aspects of remuneration and services. Regarding implementation, no significant costs were raised in relation to the concept by any stakeholders across the surveyed markets.

When considering the overall discussion regarding remuneration disclosure, it appears that disclosure of the nature and source of the salesperson's remuneration is not only the single most acceptable policy to stakeholders, it is also the one least likely to entail significant market disruption. Additionally, the major weakness associated with the original concept – that it be 'on request' – is remedied by considering it as mandatory regime, in line with the proposals put forward by both the CEA and BIPAR respectively⁶⁰.

Enhanced conflicts of interest regime

During the course of our research we encountered a range of opinions regarding enhanced conflicts of interest regimes. These opinions covered not just the scenarios we offered to respondents (respectively a ban on commission or a disclosure of all identified conflicts of interest) but also MiFID style regimes and local regulatory approaches.

The conflicts of interest scenarios posed to respondents were occasionally controversial, particularly the banning of commission sales and the introduction of an advisory relationship between consumers and intermediaries. Although there were supporters of this type of regime, who in turn referenced the ban on commission entering investment advice in the UK via the Retail Distribution Review (RDR), the direct effects of introducing such a regime across the EU insurance market were considered to be largely negative.

Our second scenario regarding disclosure of conflicts led most participants to question the value of providing this kind of data to clients – particularly in lieu of more descriptive information about the product itself – and that the information would be likely to confuse clients rather than lead them to make a more informed choice, particularly if conflicts were based on a technical or commercial aspect of the industry which would not be understandable to those without specific industry knowledge.

⁶⁰ There is some element of difference between the submissions as the CEA uses the phrase 'automatic disclosure' while BIPAR refers to intermediaries informing customers before the conclusion of a contract. See BIPAR Response, European Commission's Consultation document on the Review of the Insurance Mediation Directive (IMD), February 2011, and CEA response to the European Commission's consultation on the review of the Insurance Mediation Directive (IMD), 28 February 2011, http://circa.europa.eu/Public/irc/markt/markt_consultations/library?l=/financial_services/insurance_directive&vm=detailed&sb=Title

Within the broad variety of opinion offered, however, some clear messages became apparent.

Firstly, the primary conflicts discussed involved remuneration and the relationship of the seller of insurance to the consumer and undertaking. These two concepts were present or significant to the majority of the conflicts of interest which could materially affect the client's decision-making in the purchase of insurance products.

Secondly, the spectrum of products available from the insurance industry, ranging from low-cost risk products at one end to investment products at the other, are sold to different markets through different distribution models which in turn may have very specific conflicts of interest.

Thirdly, and closely related to the spectrum of products, are the actual economies of distribution. For example, market forces have managed to drive down the prices of commoditised insurance products to the advantage of consumers. Comparability of coverage, rather than price, appears to be the biggest challenge for consumers currently, (although below cost selling and cross-subsidisation of products were issues raised by consumer advocates). The currently low margins and high volumes required in distribution of commoditised products results in an economy which cannot support (and does not appear to require) advisory services more typically associated with life and investment products. Additionally, by contrast to other areas of the financial services sector, many distribution chains within insurance involve smaller intermediaries with limited resources for administration. This has clear implications for the scale of the regime being considered, and whether it should be applied universally.











Practically these messages suggest that, rather than attempting an expansive and prescriptive regime aimed at addressing the different conflicts of interest across the universe of insurance products, a simpler and more direct approach would be to address the two main conflicts of interest which are continuously cited. As these are addressed in the disclosure of the nature and source of remuneration described above, it may not, in fact, be necessary to introduce a standalone conflicts of interest regime in addition to this disclosure at this stage.

Summary – Extension of articles 12 and 13 of the IMD to Direct Writers

Negative Neutral Positive

Summary Rating: Positive











			% of EU Population	Premiums € (mn) 2009
Belgium	Clients:		2.15%	28,386
	<ul style="list-style-type: none"> The extension of the IMD resulted in some increase to policyholder protection 			
Finland	Market Players:			
	<ul style="list-style-type: none"> There should be no impact to the Belgian market as direct writers already fall under the scope of the national implementation of the IMD. Additional burdens are due to registration and training requirements of the 'Responsables de la Distribution'. 			
France	Clients:		1.07%	16,182
	<ul style="list-style-type: none"> Beneficial to clients but low in impact due to the fact that Finnish law is already quite strict regarding the rights of consumers and the obligations of undertakings towards them. 			
Germany	Market Players:			
	<ul style="list-style-type: none"> The intermediary sector may benefit from a level playing field, however this must be considered in the context of the commission ban on brokers as the Finnish market currently regulates distribution channels on an individual basis. Direct writers will have to bear the costs of additional regulation. Implementation costs should be low. 			
United Kingdom	Clients:		12.89%	200,057
	<ul style="list-style-type: none"> Clients will receive the same information regardless of the distribution channel used. The majority of clients already receive similar information from direct writers for life-insurance contracts. 			
United Kingdom	Market Players:			
	<ul style="list-style-type: none"> There will be further progression towards a level playing field between intermediaries and direct writers. Implementation costs should be low as insurance undertakings already fulfill similar requirements in terms of professionalism, good repute and disclosure. 			
Germany	Clients:		16.40%	171,330
	<ul style="list-style-type: none"> Would offer more protection as it would hinder any potential misuse of loopholes or legal grey areas. The extension of information should lead to a consistency of information and standards towards clients regardless of the distribution channel. 			
United Kingdom	Market Players:			
	<ul style="list-style-type: none"> Would provide a level playing field to other intermediaries who are already under the reporting obligation of IMD. Except for registration and maintenance costs for direct writers and documentation costs for distance sales (if applicable), implementation costs are seen as insignificant. No significant structural changes are to be expected from such an extension to direct writers. 			
United Kingdom	Clients:		12.33%	203,809
	<ul style="list-style-type: none"> There will be a slight increase in consumer protection. Consumers may also expect some benefit related to increased market competition. 			
United Kingdom	Market Players:			
	<ul style="list-style-type: none"> The extension of articles 12 and 13 will contribute to a level playing field between direct writers and intermediaries. Direct writers will incur additional costs in adapting to the original ICOBS regime again. These costs may fall disproportionately on distance sales operations unless exempted. 			

Summary – ‘On request’ disclosure of amount or percentage of remuneration

Negative Neutral Positive

Summary Rating: Neutral/Negative

			% of EU Population	Premiums € (mn) 2009
Belgium	Clients: <ul style="list-style-type: none"> On request disclosure of remuneration could lead to slightly lower premium costs. Some products with small premium costs will not be sold any more by small intermediaries. Some clients (due to higher costs of access) may no longer be serviced. 		2.15%	28,386
	Market Players: <ul style="list-style-type: none"> A slightly decreased but more professional intermediary market. A slight decrease in commission levels. Upgrading information systems to carry data on commissions was not deemed to be of high impact. Brokers might have administration issues if they had to retain benefit-in-kind details for calculation and disclosure. The disclosure of distribution costs by direct writers may give strategic information that would benefit to competitors rather than clients. 			
Finland	Clients: <ul style="list-style-type: none"> Respondents did not believe that an ‘on request’ regime would lead to any difference in consumer behaviour. 		1.07%	16,182
	Market Players: <ul style="list-style-type: none"> An ‘on request’ regime would have no impact on Brokers as they are already banned from accepting commission. There may be some impact on agents. Despite Bancassurance models having agency status, if employees are not receiving commission on the sale, there will be nothing to disclose (unless the full remuneration along the chain is included). There will be no effect on direct writers unless an acquisition or distribution cost is factored into the premium. The cost to upgrade IT systems to carry specific remuneration data could be high. 			
France	Clients: <ul style="list-style-type: none"> Provided that the information allows clients to deal with potential conflicts of interest, policyholder protection would increase. However clients are unlikely to be able to understand and compare the differences in remuneration between products due to the complexity of the insurance distribution models. More transparency may lead distributors to align their pricing within the market. 		12.89%	200,057
	Market Players: <ul style="list-style-type: none"> Disclosing remuneration may lead to time consuming negotiations on multiple small amounts and finally to decreasing revenues for intermediaries. Fair comparison between the cost of intermediaries and direct writers will be difficult to achieve. Significant IT development costs would be required to allow insurance undertakings to allocate internal and external distribution costs to a given client for a given product distributed by a given intermediary. Competitive disadvantage for smaller players who will not be able to put in place the legal structures that the largest players may set up to divert a part of the remuneration from disclosed amounts. 			
Germany	Clients: <ul style="list-style-type: none"> Disclosure of remuneration would be confusing and of little benefit to the client. Products with low premiums and high remuneration may be rejected by clients despite the value of the coverage. Clients may attempt to participate (i.e. seek a rebate) in the remuneration of the intermediary, in contravention of the German law of ‘Provisionsabgabeverbot’. 		16.40%	171,330
	Market Players: <ul style="list-style-type: none"> Could lead to structural shifts within the industry as direct writers would disclose less, giving them a competitive advantage. Depending on the requirements, the calculation of the remuneration to be disclosed could be complex and burdensome. Players might be encouraged to modify their remuneration structure to show lower values, without any real decrease in the overall cost to the client. 			
United Kingdom	Clients: <ul style="list-style-type: none"> There should be no impact on consumers within the UK market as ‘on request’ disclosure of remuneration already exists for the majority of the market. Several market studies have been carried out on the effects of remuneration disclosure and none have returned evidence of significant benefit for the customer. 		12.33%	203,809
	Market Players: <ul style="list-style-type: none"> Those selling insurance product via call centres believe the additional disclosure would increase costs via extending call durations and increasing the range of information to be sent to clients. Depending on the level of disclosure, undertakings may wish to shift more fee paying administration and services to intermediaries so that intermediaries disclose greater income. 			

Summary – ‘On request’ disclosure of nature and source of remuneration

Negative Neutral Positive











  

Summary Rating: Positive			% of EU Population	Premiums € (mn) 2009
Belgium	Clients:		2.15%	28,386
	<ul style="list-style-type: none"> Of some benefit to clients but the disclosure is weakened by being ‘on request’ only. 			
Finland	Market Players:			
	<ul style="list-style-type: none"> The implementation should not be difficult. No major cost obstacles were identified. 			
France	Clients:		1.07%	16,182
	<ul style="list-style-type: none"> The majority of respondents believed disclosure of the nature and source of remuneration would be positive for clients. Discussion of distribution costs would confuse clients. 			
Germany	Market Players:			
	<ul style="list-style-type: none"> Despite the criticism regarding distribution costs, the majority of respondents believed discussion on the nature and source of remuneration would be positive for the market. No major costs were associated with the implementation of this policy. 			
United Kingdom	Clients:		12.89%	200,057
	<ul style="list-style-type: none"> Better client understanding of the different distribution models. Clients may not be able to make comparisons between products and therefore identify potential risks of conflicts of interest. 			
United Kingdom	Market Players:			
	<ul style="list-style-type: none"> No significant costs for the intermediaries. Places an emphasis on the value creation process throughout the distribution chain e.g. advice has a value and a price. 			
Germany	Clients:		16.40%	171,330
	<ul style="list-style-type: none"> Health and life insurance contracts already go beyond the discussion of the nature and source as the distribution costs are already disclosed. Would offer higher transparency regarding the remuneration of the intermediary without confusing the client. It would also provide transparency with regard to the principal-agent relationship. 			
United Kingdom	Market Players:			
	<ul style="list-style-type: none"> The disclosure of nature and source of remuneration would not require a significant investment and should not cause structural changes regarding distribution. Much of the information is already provided to clients by market players and therefore it is not seen as a major administrative burden to the industry. 			
United Kingdom	Clients:		12.33%	203,809
	<ul style="list-style-type: none"> With the exception of distribution costs and binding authority, it was believed that consumers would benefit from a greater understanding of how they were actually purchasing insurance. 			
United Kingdom	Market Players:			
	<ul style="list-style-type: none"> No major cost was raised in relation to adapting to this regime. 			

Summary – Enhanced conflicts of interest via a ban of commission on sales of all insurance products

Negative Neutral Positive











  

Summary Rating: Negative			% of EU Population	Premiums € (mn) 2009
Belgium	Clients:		2.15%	28,386
	Market Players:			
Finland	Clients:		1.07%	16,182
	Market Players:			
France	Clients:		12.89%	200,057
	Market Players:			
Germany	Clients:		16.40%	171,330
	Market Players:			
United Kingdom	Clients:		12.33%	203,809
	Market Players:			

Summary – Enhanced conflicts of interest via MiFID-style mandatory disclosure on all insurance products

Negative Neutral Positive

Summary Rating: Neutral

			% of EU Population	Premiums € (mn) 2009
Belgium	Clients: <ul style="list-style-type: none"> Most respondents believed that extensive disclosure of conflicts of interest would not be beneficial. The disclosure of an intermediary's commercial relationship to a financial services group would be of high benefit to clients. Disclosure regarding claims handling and separation or monitoring of incompatible roles would also be of high benefit to clients. The way conflicts of interest are disclosed may confuse and mislead clients. 		2.15%	28,386
	Market Players: <ul style="list-style-type: none"> It would be difficult for small intermediaries to capture and disclose all conflicts of interest on an ongoing basis. The mandatory disclosure by direct writers prior to the sale of a product would probably not cost much to implement. Conflicts of interest should already be managed by the direct writer's internal governance regimes. While direct writers will have the resources to manage and administer a wide-scale conflict of interest regime, most intermediaries will not. 			
Finland	Clients: <ul style="list-style-type: none"> Mandatory disclosure of conflicts of interest may benefit consumer awareness regarding multi-tied agency model. However there is unlikely to be much, if any, change in consumer behaviour regarding the disclosure. 		1.07%	16,182
	Market Players: <ul style="list-style-type: none"> Mandatory disclosure would be unlikely to affect brokers in retail business as they conduct very little of it. Also, as they are forced to accept professional fees only, the conflicts of interest would appear to be less than in other channels. Mandatory disclosure may affect agents and multi-tied agents. Disclosure of conflicts of interest was not considered to be a significant cost for direct writers 			
France	Clients: <ul style="list-style-type: none"> Increased transparency towards the customer if the conflicts were defined correctly. Increasing the number of documents and/or the complexity of the documents provided to clients may be counterproductive as clients will not take the time to read it and will have difficulties understanding it. 		12.89%	200,057
	Market Players: <ul style="list-style-type: none"> The French legislation already requires intermediaries to disclose a dependency ratio of greater than 33% of revenues. A mandatory disclosure of conflicts of interest would lead to insurance undertakings printing and dispatching more documentation to their customers who in turn would neither read nor understand it. Burdensome for small intermediaries to disclose all potential conflicts of interest. 			
Germany	Clients: <ul style="list-style-type: none"> It would be positive for the client to have an understanding of the conflicts of interest concerning intermediaries (e.g. dependencies and incentives) that may affect the interests of the client. However, lists of conflicts would be of little use to the client. There may be different types and styles of disclosure, making it difficult for the client to gain a clear understanding. 		16.40%	171,330
	Market Players: <ul style="list-style-type: none"> Mandatory disclosure of conflicts of interest should cause no structural changes within the German insurance industry. The costs for the industry would depend on the scope of the regulation. However, defining conflicts of interest on an ongoing basis could cause administrative burden. 			
United Kingdom	Clients: <ul style="list-style-type: none"> The majority of respondents believed that disclosures of conflicts of interest would not benefit retail customers in their purchasing decisions. Submitted research suggests that additional disclosure correlates with less shopping around by consumers. 		12.33%	203,809
	Market Players: <ul style="list-style-type: none"> Mandatory disclosure prior to the sale of a product would probably not cost much to implement, however it would depend on the extent of disclosure and whether it would include distance sales. Respondents believed that the current system whereby there is an onus on intermediaries to actively manage conflicts of interest was superior to simple disclosure. 			

VII. EU27 Market Analysis

Overview

The data gathered between 2006 and 2009 shows that the EU insurance industry has suffered greatly as a result of the economic crisis, mirroring the experience of the global market⁶¹. The subsequent dramatic distortion of trends makes it impossible to distinguish other more subtle trends which may have taken place at the EU level. Total premiums across the EU fell by almost €50 bn, a contraction of 4.78% overall between 2006 and 2009. While 2008 to 2009 saw a levelling off for many countries as well as some strong growth (e.g. Austria, Germany and France); many countries still continue to see drastically lowered premium levels, including the UK, Ireland and Lithuania among others, illustrating the still fragmented nature of the EU economies and the differing exposure by national industries to the recent downturn⁶².

Life and non-life have not had the same experience in terms of growth. In the EU market, life represents just below two-thirds of the total market by premium value, with non-life accounting for the remainder. This ratio hadn't fluctuated by much more than 4% between 2006 and 2009, displaying a proportional stability between both. However, while the life market suffered the greatest drop between 2007 and 2008, it has also recovered the fastest, posting a growth of 0.6% between 2008 and 2009; meanwhile the non-life market suffered an accelerated drop in the same period. According to the CEA this development in non-life insurance is to a large extent recession-related, with households and companies prepared to forego insurance or to reduce their cover to keep costs down⁶³.

However, while it is clear that many consumers have had difficulty in maintaining policies, some products have actually benefitted in the recent downturn. Due to the widespread desire by the consumer market to pay down debts and increase savings during recessionary times, some life insurers offering guaranteed-return products have benefited from the current market conditions⁶⁴.

Insurance density and penetration

On a per capita basis, an average of €1,991 was spent on insurance in the EU27 in 2009. Of this amount, €1,227 was spent on life insurance and the remaining €764 on non-life insurance. In total, this is €17 less than in 2008.

The growth of insurance penetration in this context is a reflection of the resilience of existing policyholders. Due to the GDP contraction in the same period, (-5.65% against -0.47%), insurance penetration increased on average from 8.08% in 2008 to 8.52% in 2009. Life insurance penetration grew from 4.92% to 5.25% in 2009, whereas non-life penetration dropped from 3.37% to 3.27%.

Market operators

The number of insurance companies has been declining steadily over the last decade after a wave of mergers and acquisitions at the end of the 1990s following market liberalisation and deregulation in the EU. However, in the four year period from 2006 to 2009, the number of registered undertakings across the EU rose from 3,847 to 4,148. Despite this overall growth, in 2008 the figure was just below 4,968,

⁶¹ See commentary in World Insurance Report 2011, Capgemini/European Financial Marketing Association

⁶² See Appendix 1 for overall data plus specific notes on calculations

⁶³ CEA Statistics No. 42, European Insurance in Figures, November 2010

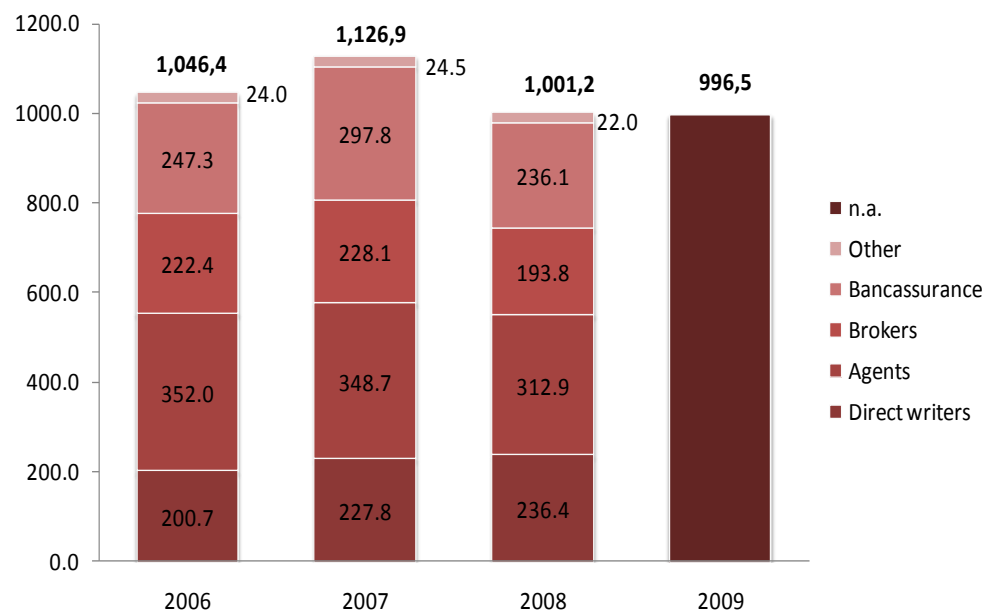
⁶⁴ CEA Statistics No. 42, European Insurance in Figures, November 2010

representing a decline of 820 firms, or 16.5% in one year alone. Furthermore, while employment in insurance increased between 2006 and 2008 by approximately 7,215 staff, this represents an increase of less than 1% for the entire industry. According to the CEA, the 2009 trend points towards a decline⁶⁵.

Distribution

As the graph below demonstrates, the combined market of the EU 27 represents a high level of diversity regarding distribution channels.

EU 27: Total Premiums and Channel Share



Source: CEA, PwC calculations

Intermediaries

In Europe, non-life insurance products are predominantly provided by traditional intermediaries, (i.e. agents and brokers). Agents and brokers have consistently accounted for 50% or more of total premiums across the EU countries which provided figures. Agents commanded the overall highest share of the distribution market, with a consistent market share of just under a third. Agents outnumber brokers in the distribution of life insurance products in most countries and are particularly prevalent in the Netherlands (57%), Slovenia (53%) and Germany (55%).

Recent trends show a slight decrease in the market share of agents. According to the CEA⁶⁶, this is closely linked to diversification by insurers including new distribution channels such as bancassurance and the internet; as well as insurers embarking upon a multichannel strategy which is eroding the market share of the leading distribution channels.

Brokers enjoy approximately one fifth of the market across the countries which have provided figures and lead the life insurance market in the UK (circa 70%), Ireland and Luxembourg (over 40%). The strong presence of brokers in Ireland and Luxembourg

⁶⁵ CEA Statistics No. 42, European Insurance in Figures, November 2010

⁶⁶ CEA Statistics N°39, Insurance Distribution Channels in Europe, March 2010

can be related to the high proportion of the life business that is underwritten abroad, relying on brokers' networks to distribute to the market.

Brokers remain far less important than agents in most European countries; although they do dominate the non-life market in a few countries such as Belgium, Ireland and the UK, in which they accounted for more than 50% of non-life premiums. The brokers' market share has remained fairly stable in these three markets and many others.

Bancassurance

Bancassurance enjoys approximately one quarter of the overall distribution market, and is the main distribution channel for life insurance products in many European countries, with a market share ranging from 44% in Poland (in which the bancassurance market share nearly doubled between 2007 and 2008) to 82% in Portugal.

The current bancassurance model was developed in the 1990s, and was based on the concept of having access to a large number of clients on a regular basis, combined with a good knowledge of their financial resources. The role of bancassurance remained limited in the two large Western European markets of Germany and the UK, as well as in some of the Eastern European member states. In Germany, this lower penetration in life (20%) appears to be related to the large number of small and regional banks, which in turn detracts from the economies of scale required for the rapid and widespread distribution of standardised products throughout the whole country. In 2009 low market shares of the bancassurance channel were observed in Slovenia (2.3%), Slovakia (0%) and Bulgaria (0%). This is believed to be associated with the recent development of bancassurance and the slow growth of the life market in these countries⁶⁷.

The sale of non-life insurance products through bancassurance is not particularly widespread in Europe and it has retained a persistently low market share of less than 10% in all countries, and less than 5% across the EU overall.

Direct Writing

Direct writing was the only channel to grow market share between 2006 and 2008, gaining 23% during this period. Direct writing appears to have been less developed in life than in non-life, but remained significant in several countries in the life market in 2009, including Ireland (48%), Slovakia (62%) and Bulgaria (35%). Direct writing for non-life in 2009 was either market leading or a significant channel in the following member states: France (35%), Ireland (41%), the Netherlands (49%) and Slovakia (66%). The CEA has noted that in most countries for which they had the breakdown between employee and distance selling, direct writing took place primarily through company employees⁶⁸ (i.e. direct writers rely more on their salespeople rather than web, postal, or call centre channels).

It has been stated that in several Eastern European countries that, due to the high market shares of the former state-owned companies, the networks of their employees are still significant⁶⁹. However, in most of these countries, the market shares of the networks have decreased with heavier competition from alternative networks (agents, brokers, bancassurance) and the opening of the markets to competitors that rely more on alternative distribution channels. By 2009 the highest levels of direct sales were being realised in Western European markets rather than their Eastern European counterparts.

⁶⁷ CEA Statistics N°39, Insurance Distribution Channels in Europe, March 2010

⁶⁸ CEA Statistics N°39, Insurance Distribution Channels in Europe, March 2010

⁶⁹ CEA Statistics N°39, Insurance Distribution Channels in Europe, March 2010

Direct writing appears to be more common in non-life insurance than in life insurance, and can still command a large share of certain markets; for example in Slovakia it accounted for more than two thirds of total sales of non-life insurance products. Direct writing is popular in the Netherlands, Lithuania and Austria; while brokers play a more significant role in Belgium, Ireland and the UK.

Distance Selling of insurance products

The distribution of products across the EU reflects the structural difference of the products involved. For example, life insurance policies are generally more complex products; therefore consumers need to receive tailored advice on these products before they can select the product most appropriate to their needs. Subsequently they rely more heavily on face-to-face meetings with salespeople rather than the distance sales channel. Sample data from the CEA displayed that distance selling rates for complex life insurance was generally less than 5%⁷⁰.

There are however notable exceptions in the non-life market. Although sales through the internet, phone or mail were generally not significant (market share below 5%) in most countries participating in CEA research, both the Netherlands (45%) and the UK (21%) have very high rates. The high proportion recorded in the Netherlands is, among other factors, correlated with the recent privatisation of the health insurance scheme and health insurance products predominantly distributed by distance selling. In the UK, the broad use of the internet and telephone, particularly for acquiring motor policies, accounts for the high ratio. While these are not representative of the prevailing trends, they do display that other forms of distribution can work, depending upon product structure. Motor policies in particular are suitable for this channel if they conform to a mass market, low cost product.

Ireland (21%) was a leader in the distance selling channel, however this can be attributed to the large share of life business concluded abroad rather than a feature of the purely domestic market. In the Netherlands and the UK, 11% and 7% respectively of life business was attained through distance selling.

⁷⁰ CEA Statistics N°39, Insurance Distribution Channels in Europe, March 2010

Austria

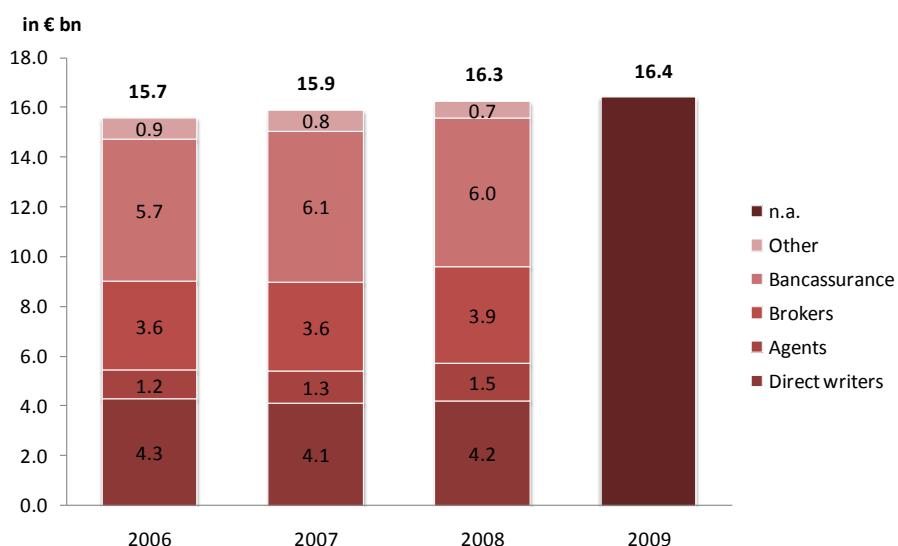
Overview

Austria appears to have a stable and generally growth oriented insurance market, and has not suffered any downturn over the last four years, in contrast to many other member states, despite its GDP fluctuating over this period. The IMF stated in 2008 that 'Financial soundness and performance indicators for the insurance and pension sectors have generally strengthened in the past several years'⁷¹

However, the decline in economic activity and the rise in unemployment resulted in stagnation of real premium income in the insurance sector in 2009. Faced with high uncertainty and a persistently slack labor market, people saved less, which was reflected in shrinking life insurance premium income. Investment income, however, benefited from improving financial markets, gaining 15% compared with 2008.⁷²

Both the life and non-life sectors are contributing to the overall growth, with the non-life sector recording slightly faster growth – between 2006 and 2009 non-life grew by just over 7% of total non-life premiums, while life grew by just over 3%. The volumes in each sector are also fairly evenly split, with the non-life sector accounting for approximately 55% of the overall market in 2009.

Austria: Total Premiums and Channel Share



Source: CEA, PwC calculations

Life insurance

Life insurance products in Austria were predominantly distributed through bancassurance, which has represented just over half the market share over the last 15 years, with some fluctuation. Overall the life market is very stable in Austria, and between 2006 and 2008 no channel gained or lost more than 3% of distribution share. Growth for distributors appears to have come largely from the expanding market rather than any success in marketing tactics.

⁷¹ Austria: Financial System Stability Assessment—Update, June 2008, IMF Country Report No. 08/190, <http://www.imf.org/external/NP/fsap/fsap.aspx>

⁷² Oesterreichische Nationalbank, Annual Report 2009, http://www.oenb.at/de/img/fmsb_20_tcm14-214486.pdf

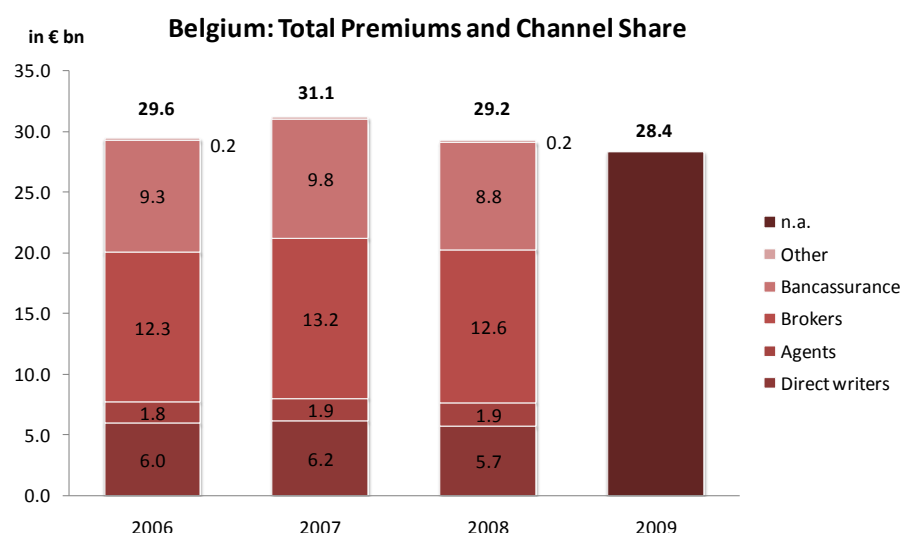
Non-life insurance

In 2006, non-life premium income amounted to €8.4bn, rising to just over €9 bn in 2009. This market was principally driven by direct writing, which accounted for 38% of total premiums in 2008. However, the market share of this channel has steadily decreased from 1996, when it represented 72% of the market; this downward trend appears unbroken. The major beneficiaries of this occurrence are intermediaries (brokers and agents), who grew from less than 20% in 1995 to over half the market by 2008. Bancassurance has remained at a persistently low level, close to 5%, and no change has been observed here over the last three years.

Belgium

Overview

Within Belgium the bancassurance network is the most important distribution channel for life insurance, while independent agents account for the majority of non-life premium collected in Belgium⁷³. Overall brokers, bancassurance and direct writers control 90% of distribution, with relatively stable market shares of 40%, 30% and 20% respectively.



Source: CEA, PwC calculations

After having suffered substantial losses of € 3.9 billion in 2008 as a result of the severe tensions on the international financial markets following the collapse of Lehman Brothers, the insurance sector in Belgium was back in profit in 2009, recording a net result of € 0.9 billion. Supervisory data compiled on a quarterly basis show that the annualised net profits have continued to rise, reaching € 1.5 billion for the first nine months of 2010, or almost double the figure for the equivalent period in 2009⁷⁴.

Premium levels have been relatively stable over the last number of years, although between the life and non-life markets we see different trends from 2006 in which the life market decreased by 10% and the non-life market increased by 10% approximately.

⁷³ IMF Country Report No. 06/75, February 2006, <http://www.imf.org/external/NP/fsap/fsap.aspx>

⁷⁴ National Bank of Belgium, Report 2010,

http://www.nbb.be/doc/ts/Publications/NBBreport/2010/EN/T1/report2010_T1.pdf

The total number of undertakings decreased between 2006 and 2009. In 2006, Belgium had 164 undertakings as opposed to 148 in 2009. Of these undertakings two thirds were national and one third were branches of third (non-EU/EEA) countries.

Life insurance

In 2009, 65% of the premiums paid in the Belgian insurance market were in the life sector. Between 2006 and 2009, the total annual premiums in the life sector had been trending downwards with a change of 10%. Within the life market, the bancassurance channel has a clear lead in distribution, and the CEA⁷⁵ note that this can partly be explained by the fact that bancassurance offered alternative banking products whereas this was not always the case for brokers.

Agent sales have a low market share with an average of 4% over 3 years of the total annual premiums.

Non-life insurance

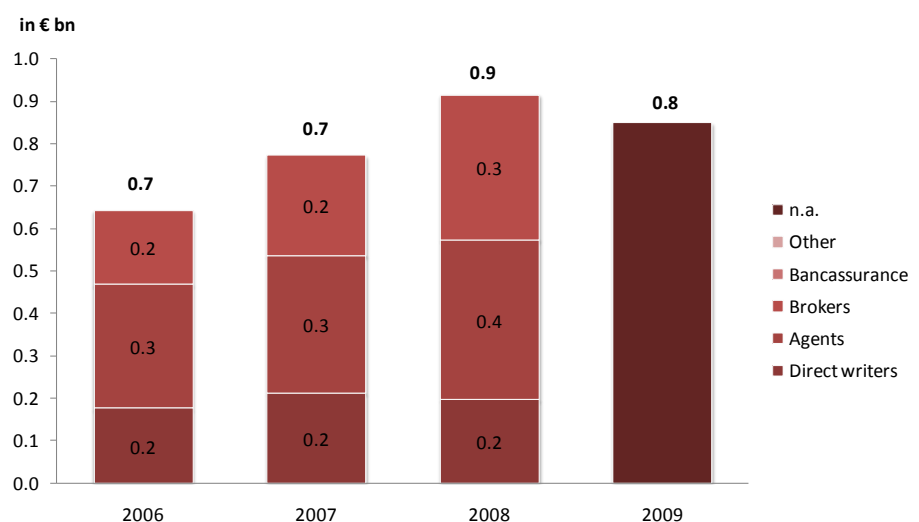
In 2009, 35% of the premiums paid in the Belgian insurance market were in the non-life sector. Between 2006 and 2009, the total annual premiums in the non-life sector moved upwards with a change of 10%. With a market share of more than 62% in 2008, the broker channel has dominated the non-life market, although the market share had decreased slightly over the previous decade.

Bulgaria

Overview

Two of the main features of the Bulgarian market are the rapid rise of brokers regarding distribution, and the increased presence of foreign firms. Bulgaria's distribution is dominated by traditional intermediaries (brokers and agents)⁷⁶

Bulgaria: Total Premiums and Channel Share



Source: CEA, PwC calculations

Agents are still dominant but slowly losing ground in distribution (market share 45% in 2006, 41 % in 2008). Brokers are on the rise from 27% market share in 2006 to 37% in 2008. Direct writers have lost market share (27% in 2006, 21% in 2008). Bancassurance is not represented in Bulgaria.

⁷⁵ CEA Statistics N°39, Insurance Distribution Channels in Europe, March 2010

⁷⁶ CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

The number of undertakings rose from 36 in 2006 to 47 in 2009 (30.6%) and foreign undertakings from other EU/EEA countries have taken an interest in the Bulgarian market, with their number more than doubling from 4 in 2006 to 9 in 2009. National undertakings rose from 32 in 2006 to 36 in 2007 and remained more or less stable (38 undertakings in 2008 and 2009).

From 2006 to 2008, the total premiums in the Bulgarian market had increased from €643 m in 2006 to €915 m in 2008 (42.23%). However, they decreased in 2009 to €850 m (-7.1%).

Life insurance

The total premiums in life insurance undertakings peaked in 2008 at €142 m, rising sharply from €95 m in 2006 to €128 m in 2007 (34.8%) and falling to €115 m in 2009 (-19%). The dominance of the agents in the distribution channel (63% market share in 2006) has dramatically dropped to 35% in 2009, whilst direct writers and brokers gained. Direct writers have more than doubled their market share from 17% (2006) to 35% (2008). Brokers moved up from 20% in 2006 to 29% in 2008.

Life insurance undertakings have gradually risen from 15 in 2006 to 20 in 2009, the majority of which being national undertakings (85% based on 2008 figures). The five largest life insurance undertakings represent 72% of the market and the ten largest 95% of the market (based on 2008 figures).

Non-life insurance

Similar to the life insurance market, the non-life insurance undertakings peaked in 2008 with regard to the total premiums. They hit their highest point at €772.73 m in 2008 after a considerable rise from €548.05 m in 2006 and €643.68 m in 2007 (17.5%). However, non-life insurance total premiums dropped slightly to €735 m in 2009 (-4.9%).

With regard to non-life insurance, direct writing has decreased in Bulgaria from 2006 (market share 29%) to 2008 (market share 23%). The agent market share decreased from 42% in 2006 to 37% in 2008. Brokers, by contrast, have been able to extend their shares from 29% in 2006 to 40% in 2008 and have now become the most important distribution channel.

The number of non-life insurance undertakings has slowly risen from 21 in 2006 to 26 in 2009. National non-life insurance undertakings dominate the market (77% are national, 23% are branches of undertakings of EU/EEA countries, based on 2009 figures). The five largest non-life insurance undertakings dominate 59% of the market (2008), the ten largest represent 88% of the market shares.

Cyprus

Overview

The CEA⁷⁷ have described the Cypriot insurance industry as a small market which has evolved in an international and very competitive environment, while the IMF have described the market as of low complexity and sophistication⁷⁸. Traditionally it has been and still is a strong agency market. However, with the increasing influence of bank-controlled insurance companies in recent years, bancassurance has also become an effective distribution channel.

⁷⁷ CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

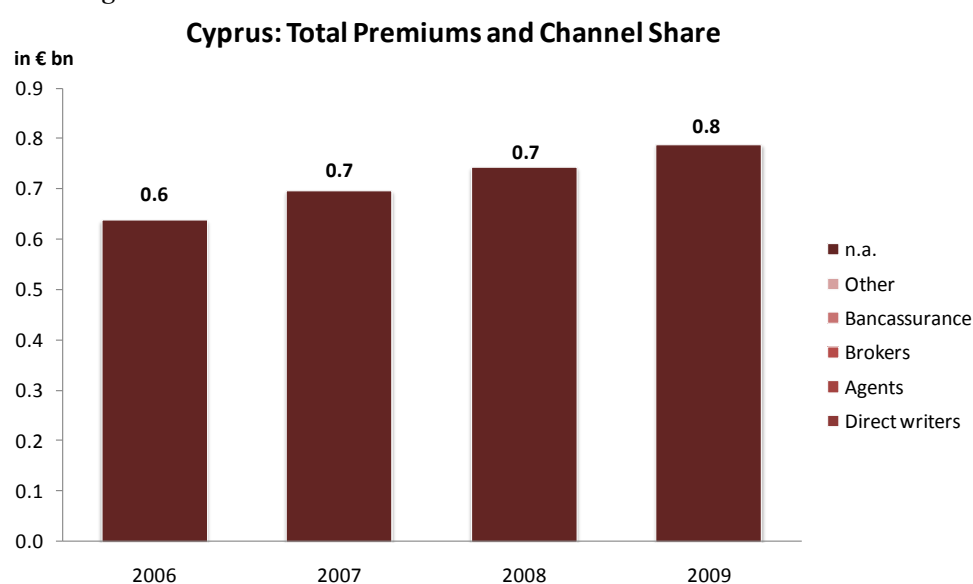
⁷⁸ IMF Country Report No. 09/170, May 2009

Furthermore the status of broker was legally introduced only in 2004, although since Cyprus joined the EU, many European brokers have registered under the Freedom of Services rules and have begun competing in the market, predominantly on large projects.

Telesales and internet sales are also emerging, especially in large companies. However, e-commerce shows little sign of having much potential in the insurance sector and market surveys show a preference for personal contact.

Between 2006 and 2009, the total premiums increased by 23.5% (€637 m in 2006 and €787 m in 2009). Premium levels were growing at a constant rate without noticeable difference between the life and non-life market.

The total number of undertakings decreased between 2006 and 2009. In 2006, Cyprus had 35 undertakings as opposed to 34 in 2009. Of these undertakings 85% are national and 6 are branches of foreign countries. Of the top five insurance undertakings most are branches of western multinationals.



Source: CEA, PwC calculations

Life insurance

In 2009, 45% of the premiums paid in the Cyprus insurance market were in the life sector. Between 2006 and 2009, the total annual premiums in the life sector had increased with a change of 20%.

Non-life insurance

In 2009, 55% of the premiums paid in the Cyprus insurance market were in the non-life sector. Between 2006 and 2009, the total annual premiums in the non-life sector trended upwards with a change of 26%.

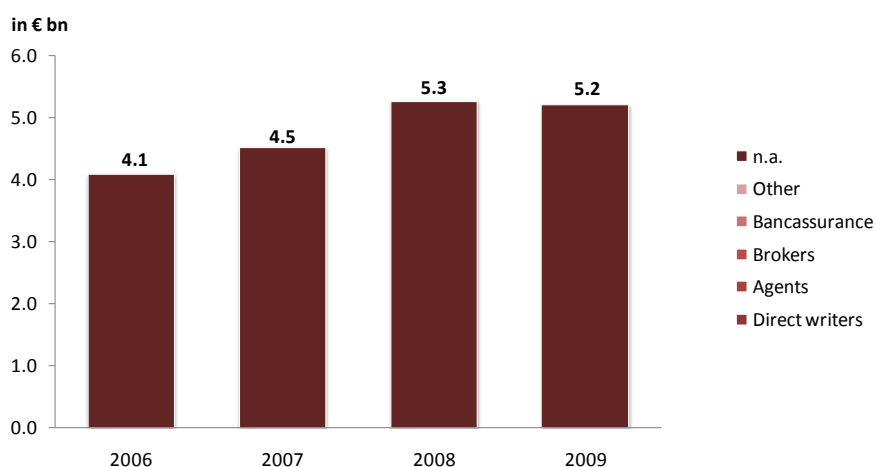
Czech Republic

Overview

Between 2006 and 2009, the total premiums increased by 27 % (€4 bn in 2006 and €5.2 bn in 2009). The life and non-life markets were both growing strongly with the

growth of the Czech economy. However, the Czech National Bank stated that the decline in the performance of the Czech economy caused a slowdown in growth of gross premiums written⁷⁹.

Czech Republic: Total Premiums and Channel Share



Source: CEA, PwC calculations

The total number of undertakings increased between 2006 and 2009. In 2006, the Czech Republic had 49 undertakings as opposed to 53 in 2009. Of these undertakings approximately two-thirds are national and one-third are branches of foreign companies.

The Act on Insurance Intermediaries and Independent Loss Adjusters which entered force in 2005 changed the legal conditions for intermediary activities, and in 2006, 36,810 insurance intermediaries of different categories were registered⁸⁰. The Czech market has a broad diversity of distribution channels used by insurance companies, including bancassurance, car dealers, travel agencies, direct mail, the internet and call centres.

Life insurance

In 2009, 39.2 % of the premiums paid in the Czech insurance market were in the life sector. Between 2006 and 2009, the total annual premiums in the life sector had increased by 40%.

Non-life insurance.

In 2009, 60.8% of the premiums paid in the Czech insurance market were in the non-life sector. Between 2006 and 2009, the total annual premiums in the non-life sector grew by 20%.

The market is dominated by a small numbers of actors and the 10 largest insurance undertakings controlled 93% of the market in 2008.

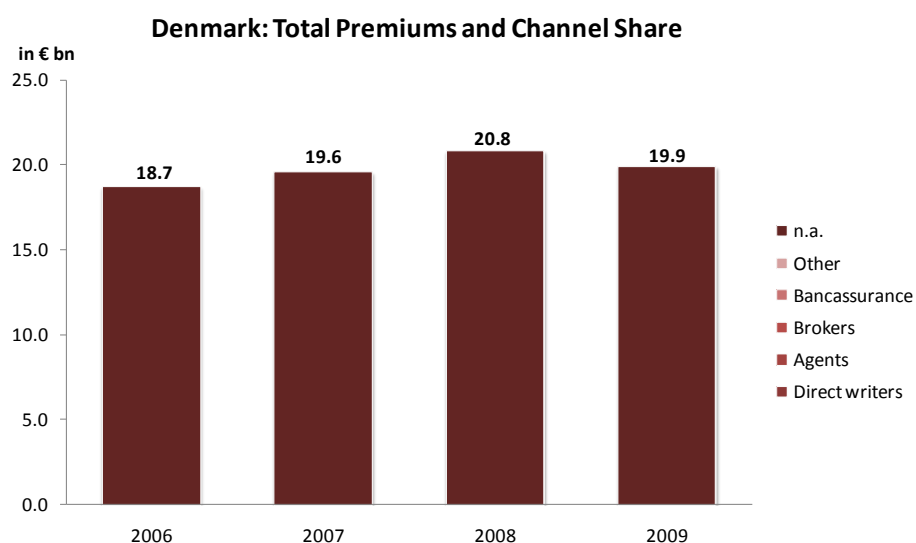
⁷⁹ Czech National Bank Annual Report 2009, http://www.cnb.cz/miranda2/export/sites/www.cnb.cz/en/about_cnb/performance/annual_reports/download/vz_2009_en.pdf

⁸⁰ CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

Denmark

Overview

The Danish Insurance market is considered to be well developed⁸¹. According to the National Bank, life insurance companies in the financial groups achieved substantially higher returns on investments than in 2008 and have again begun to build up reserves from a low level.⁸² In the Danish market the CEA⁸³ reports that a large proportion of non-life and life insurance products was sold by companies' own employees through call centres, the internet and local offices. The other distribution channels were bancassurance and brokers, the latter being primarily called on by large customers in order to obtain better prices.



Source: CEA, PwC calculations

A ban on commissions in life insurances will be fully implemented from 1 July 2011. Brokers are allowed to receive remuneration from an insurance undertaking that is not domiciled or established as a branch in Denmark but must forward the amount received to the customer.

Between 2006 and 2009, the total premiums increased by 6.4% (€18.7 bn in 2006 and €19.9 bn in 2009). In the year 2008 the total premiums had reached a peak of €20.8 bn. The life market slightly outperformed the non-life one, which remained stable.

The total number of undertakings decreased between 2006 and 2009. In 2006, Denmark had 195 undertakings as opposed to 174 in 2009. Of these undertakings approximately 90% are national with the remaining 10% consisting of branches in foreign countries.

Life insurance

In 2009, 72.1% of the premiums paid in the Danish insurance market were in the life sector. Between 2006 and 2009, the total annual premiums in the life sector had seen an increase of 11.2%.

⁸¹ IMF Country Report No. 06/343, October 2006, <http://www.imf.org/external/NP/fsap/fsap.aspx>

⁸² *Danmarks Nationalbank*, Financial Stability 2010, [http://www.nationalbanken.dk/C1256BE9004F6416/site/4762BBFBCE78C8AC12577200027859D/\\$file/fin-stab_10_uk_web.pdf](http://www.nationalbanken.dk/C1256BE9004F6416/site/4762BBFBCE78C8AC12577200027859D/$file/fin-stab_10_uk_web.pdf)

⁸³ CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

Non-life insurance

In 2009, 27.9% of the premiums paid in the Danish insurance market were in the non-life sector. Between 2006 and 2009, the total annual premiums in the non-life sector remained stable.

The number of undertakings decreased by 18% between 2006 and 2009, increasing market concentration.

Estonia

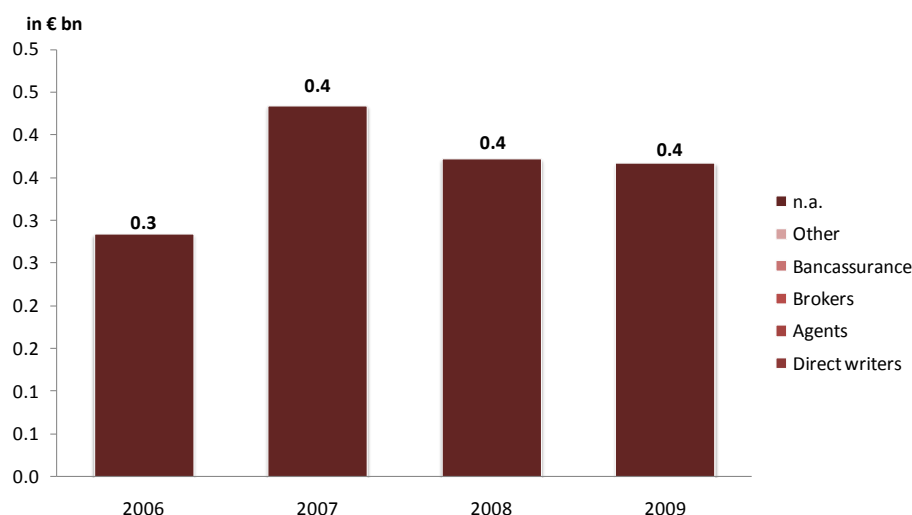
Overview

The Estonian financial sector is highly concentrated and foreign owned. Two Swedish owned banks control 68% of banking assets and two other Nordic-owned banks control an additional 26%. These same institutions also dominate the insurance, brokerage, and investment and pension funds management sectors⁸⁴. As a result of 2010 discussions on the introduction of brokers' remuneration in the form of net pricing (similar to the Finnish model) insurance companies are not allowed to pay fees, commissions etc. to brokers⁸⁵.

Between 2006 and 2009, the total premiums increased by 29% (€ 284 m in 2006 and €367m in 2009). However it has to be pointed out that in the year 2007 the total premiums had reached a peak of € 434 m. The life-insurance market benefited from a higher growth rate than non-life.

The total number of undertakings decreased between 2007 and 2009, from 19 undertakings in 2007 to 17 in 2009. Of these undertakings two-thirds were national and the remaining third branches of foreign countries.

Estonia: Total Premiums and Channel Share



Source: CEA, PwC calculations

Life insurance

In 2009, 36% of the premiums paid in the Estonian insurance market were in the life sector. Between 2006 and 2009, the total annual premiums in the life sector experienced an increase of 58%.

⁸⁴ IMF Country Report No. 09/89, March 2009, <http://www.imf.org/external/NP/fsap/fsap.aspx>

⁸⁵ CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

Non-life insurance

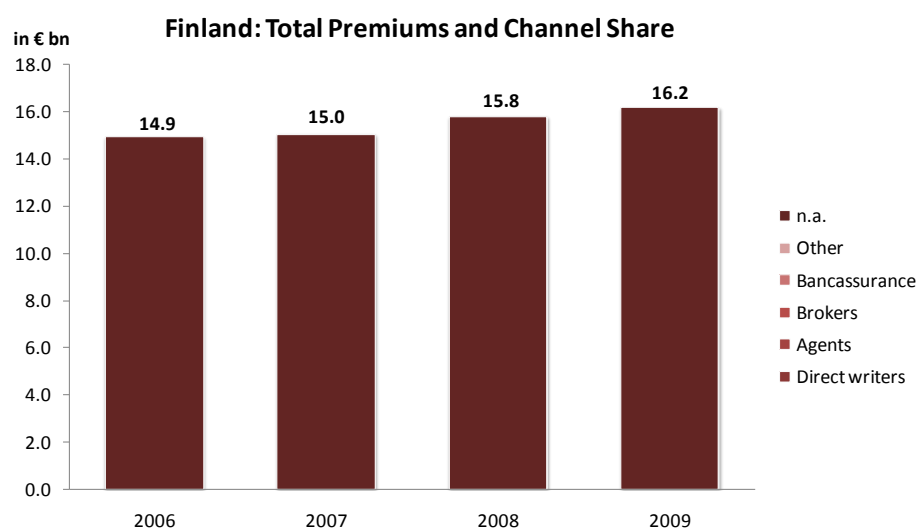
Companies tend to use more direct services or brokers (or sales channels of major banks through brokers owned by the same banks) than traditional agent networks. In line with the strong growth and currently high activity in internet banking, other types of internet-based services are catching up. Consequently, a specialised broker company has been created to offer price comparisons, predominantly for retail policies. This type of broker activity, according to the available information, might account for up to 10% of total non-life premiums according to the CEA⁸⁶.

In 2009, 64% of the premiums paid in the Estonian insurance market were in the non-life sector. Between 2006 and 2009, the total annual premiums in the non-life sector had seen an increase of 17%.

Finland

Overview

According to the CEA the Finnish insurance market has been shaped by intense competition over the years⁸⁷, yet at the same time is considered to be highly concentrated. With the economic recovery, premiums written had risen during 2010. Rising share prices have restored policyholders' interest in unit-linked life policies and their proportion of the life insurance portfolio is steadily growing; whilst the popularity of policies tied to the interest rate assumption has been fading. Currently, unit-linked policies account for a good third of the life companies' insurance savings, which amount to a little over €32 billion⁸⁸.



Source: CEA, PwC calculations

From 2006 to 2009, the total premiums constantly grew from €14,942 m in 2006 to €16,182 m in 2009 (8.3%). Taking this fact into account, the economic crisis does not appear to have had a tangible impact on growth in insurance premiums.

⁸⁶ CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

⁸⁷ CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

⁸⁸ Bank of Finland Bulletin, Financial Stability, Special Issue 2010, http://www.suomenpankki.fi/en/julkaisut/bulletin/financial_stability/Documents/FinancialStability_2010.pdf

With regard to the number of undertakings, there has been a constant decline from 39 in 2006 to 33 in 2009, all of which are national. There were no branches of undertakings of EU/EEA or non-EU/EEA countries in Finland reported as at 2010.

Finland has also introduced a ban on commissions for the brokerage distribution channel and this has dramatically reduced the involvement of brokers in the retail market (see impact analysis below).

Life insurance

Within life insurance, banks constituted a sizeable distribution channel (at least 56% according to estimates by the Federation of Finnish Financial Services). Direct business via distance sales or employees was also significant, at about 30% of the life market. Sales through electronic channels such as the internet were also increasing. The role of brokers was 3.7% in 2006. The brokers' share of statutory pension insurance was higher, with 13% of the business in 2006, as reported by the CEA⁸⁹.

The total premiums in life insurance undertakings rose from €11,806 m in 2006 to €12,853 m in 2009 (8.9%).

The number of life insurance undertakings decreased from 15 in 2006 to 12 in 2009, all of which are national undertakings. The ten largest life insurance undertakings represented 79% of the market in 2009.

Non-life insurance

Finnish insurers use a variety of distribution channels. While the CEA reports that the bulk of corporate business is sold via full-time sales employees, company branches play a major role in household insurance. Most companies have a number of tied part-time agents who work exclusively for one insurer or one insurance group, although policies are also sold through several insurers' joint agencies, such as car dealers and travel agents.

Similar to the life insurance market, there has been a slight upwards movement regarding non-life insurance premiums (€3,136 m in 2006 to €3,329 m in 2009, or an increase of 6.15%).

The number of non-life insurance undertakings has been relatively stable at 20. In 2009, one player left the market.

The five largest non-life insurance undertakings held 54% of the market in 2009, down from 86% previously.

France

Overview

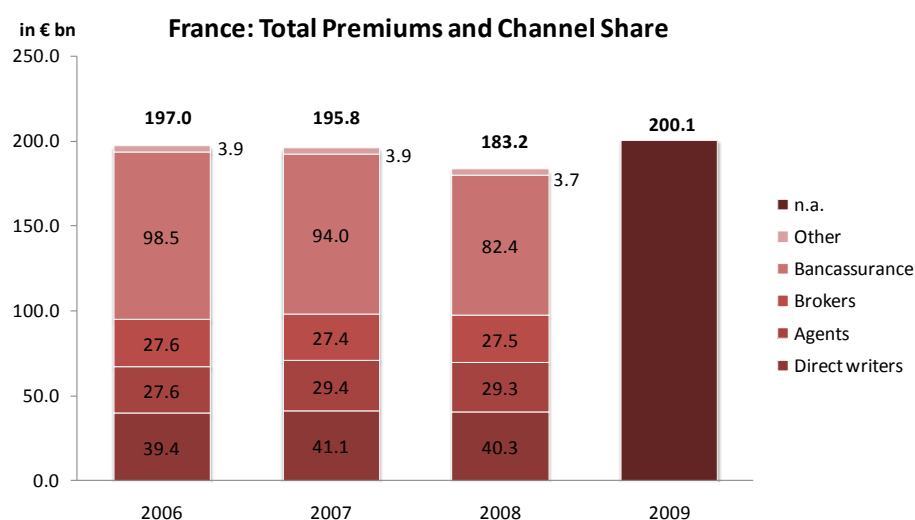
The French insurance market has a multiplicity of distribution channels, which include tied agents, insurance brokers, salaried sales forces, direct writing mutuals and bancassurance, the latter dominating the market. Sales through direct marketing channels (mailing, telemarketing the internet, etc.) and alternative distribution channels (mass retailers, automotive manufacturers, etc.) are slowly gaining ground according to the CEA⁹⁰.

⁸⁹ CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

⁹⁰ CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

Intense competition in distribution has consolidated brokerages, restructured tied agency networks and accelerated the development of alternative distribution channels. The growing use of new information technologies is adding to the competition.

In 2009, the flow of investment into life insurance picked up, reaching €88.4 billion, compared to €63.3 billion in 2008. Life insurance benefited greatly from the funds withdrawn from term accounts and redemptions of money market mutual funds shares. These changes arose primarily from changes in relative returns, which made life insurance a more attractive investment than the other alternatives⁹¹.



Source: CEA, PwC calculations

Between 2006 and 2009, the total premiums remained largely stable (€197 bn in 2006 and €200 bn in 2009). However in the year 2008 the total premiums fell to €183 bn. The growth in the life-insurance market was slightly negative whereas the selling of non-life-insurance products grew marginally.

The total number of undertakings decreased between 2006 and 2009. In 2006, France had 407 undertakings as opposed to 386 in 2009.

Life insurance

The bancassurance channel led the distribution of life policies with a market share of 60% in 2008. Behind bancassurance, direct writing accounted for 16% of life premiums, while brokers and agents held market shares of 14% and 8% respectively in 2008.

In 2009, 69.1% of the premiums paid in the French insurance market were in the life sector. Between 2006 and 2009, the total annual premiums in the life sector remained stable.

Non-life insurance

In France, agents (35%) and direct writing offices (35%) led the non-life market in 2008, followed by brokerage houses, which tend to specialise in commercial lines

⁹¹ Banque de France, Annual Report 2009, http://www.banque-france.fr/gb/publications/telechar/rapport/2009-annual-report-banque-de-france.pdf?bcsi_scan_24DEoA96D2B59F70=0&bcsi_scan_filename=2009-annual-report-banque-de-france.pdf

insurance. The market share in personal lines held by direct writing mutuals increased steadily from 1995 and stabilised in 2003.

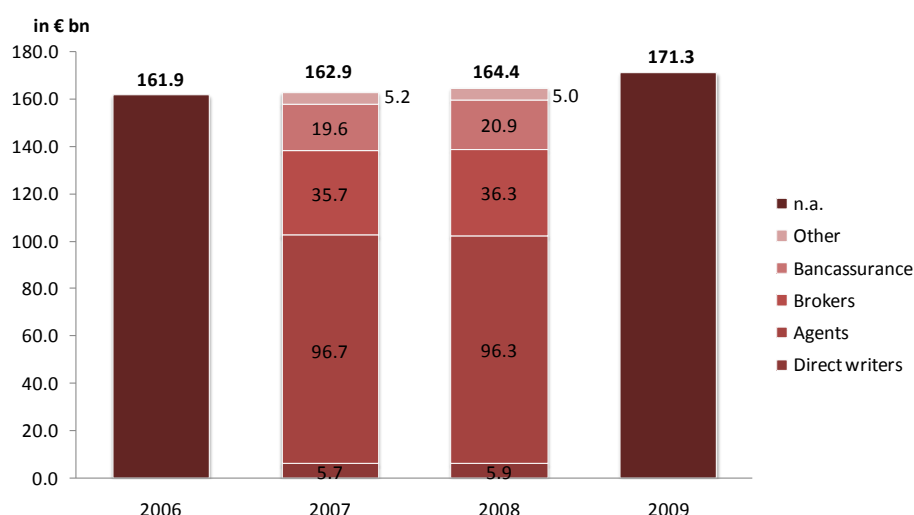
In 2009, 30.9% of the premiums paid in the French insurance market were in the non-life sector. Between 2006 and 2009, the total annual premiums in the non-life sector continued to stay stable.

Germany

Overview

Between 2006 and 2009, the total premiums increased by 6% (€161.9 bn in 2006 and €171.3 bn. in 2009). The rate of growth, which was rather low between 2006 and 2008, significantly increased from 2008 to 2009. The life and the non-life market are both growing at the same speed. German life insurers, which occupy a key position in the German primary insurance sector owing to their high premium and investment figures, generated just over €81 billion in premium income in 2009. The gain of approximately 7% in premiums was primarily due to an increase in single premiums of almost 60% to around €20 billion⁹².

Germany: Total Premiums and Channel Share



Source: CEA, PwC calculations

The total number of undertakings remained stable between 2006 and 2009. In 2006, Germany had 495 undertakings as opposed to 497 in 2009. Of these undertakings four-fifths were national and one-fifth were branches of foreign countries.

Life insurance

In 2009, 47.49% of the premiums paid in the German insurance market were in the life sector. Between 2006 and 2009, the total annual premiums in the life sector had grown by 8.66%.

Business figures indicate that life insurance policies were mainly distributed by agents, which accounted for 55% of the market in 2008. Most of them were tied agents. Brokers and bancassurance represented 20% of the life market respectively. The role of banks in the distribution of insurance products has increased in recent years but is far from the high levels seen in France or Belgium.

⁹² Deutsche Bundesbank, Financial Stability Review 2010, <http://www.bundesbank.de/download/volkswirtschaft/finanzstabilitaetsberichte/financialstabilityreview2010.pdf>

According to the CEA⁹³ the lower penetration of bancassurance in Germany may be related to the large number of regional and local banks, which does not facilitate economies of scale in the distribution of standardised insurance products.

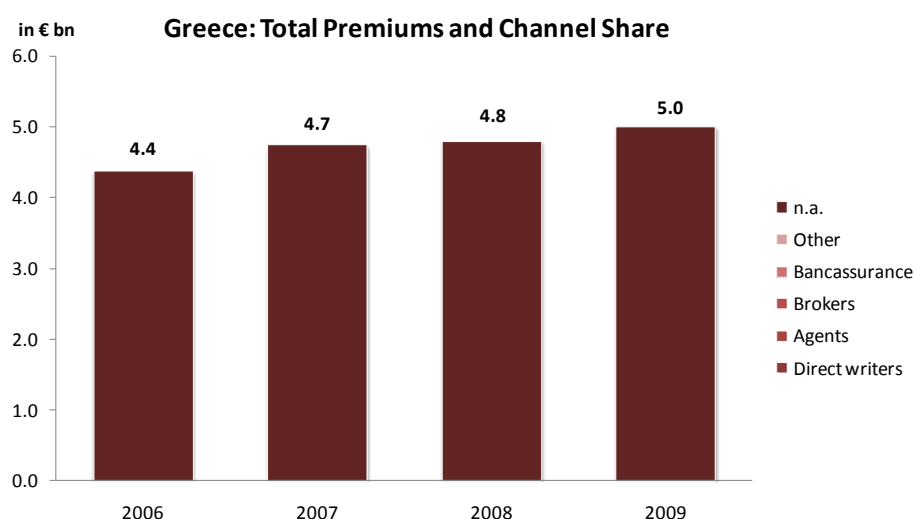
Non-life insurance

In 2009, 52.51% of the premiums paid in the German insurance market were in the non-life sector. Between 2006 and 2009, the total annual premiums in the non-life sector remained stable.

For motor and health insurance, representing more than 60% of the non-life insurance market, the main distribution channel was the agent network with a 62% market share in 2008. The CEA⁹⁴ reports that, as in life insurance, most of these agents were tied agents. In second position, brokers represented 24% of the market. Unlike what can be seen in life insurance, bancassurance for the distribution of non-life products is not yet extensively developed.

Greece

Overview



Source: CEA, PwC calculations

The improved profitability of Greek insurance firms is mainly attributable to an increase in investment income, as well as to cost-cutting. Specifically, income from investment rose by 159% for the motor vehicle liability insurance sector and 82% for the sector of other damages, while in the life insurance sector the losses of 2008 (€214 million) were reversed to 'considerable' profits of €591 million⁹⁵. In Greece the total number of undertakings decreased between 2007 and 2009. In 2007, Greece had 80 undertakings as opposed to 74 in 2009. Of these undertakings approximately two-thirds were Greek and one-third were branches of foreign countries.

⁹³ CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

⁹⁴ CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

⁹⁵ Bank of Greece, Financial Stability Report 2010, http://www.bankofgreece.gr/BogEkdoseis/fstability201007_en.pdf?bcsi_scan_24DE0A96D2B59F70=lqusvYSUhtcWpTf5E83YlTO2Bt8SAAAAsYDEEQ==&bcsi_scan_filename=fstability201007_en.pdf

Between 2006 and 2009, the total premiums increased by 14.4%. This trend was led by a strong growth in non-life-insurance premiums whereas life-insurance premiums declined during that period.

Life insurance

In 2009, 44% of the premiums paid in the Greek insurance market were in the life sector. Between 2006 and 2009, the total annual premiums in the life sector continued to stay relatively stable.

Within the life market, most business is conducted through insurance consultants and coordinators (tied agency system) and the bancassurance channel has the lead in distribution even though its market share has been declining since 2006.

Non-life insurance

In 2009, 56% of the premiums paid in the Greek insurance market were in the non-life sector. Between 2006 and 2009, the total annual premiums in the non-life sector had grown by 36%.

In non-life insurance, the largest share of the business is conducted through agents (tied and independent). Insurance brokers mainly focus their business on big industrial and marine risks, and are not so active in retail. While the share of bancassurance is relatively small, it is expanding dynamically. As a means of distance selling the internet remains largely undeveloped as yet for insurance distribution.

Hungary

Overview

In the course of 2010, the Hungarian insurance sector made losses as a result of more frequent indemnity payments and a windfall tax. Declines in revenues from non-life insurance were offset by a rise in revenues from life insurance, while premium revenues from unit-linked life insurances rose rapidly at the end of 2010. The desire by households to save and increasingly intense agency activity contributed largely to the rising proportion of unit-linked products⁹⁶.

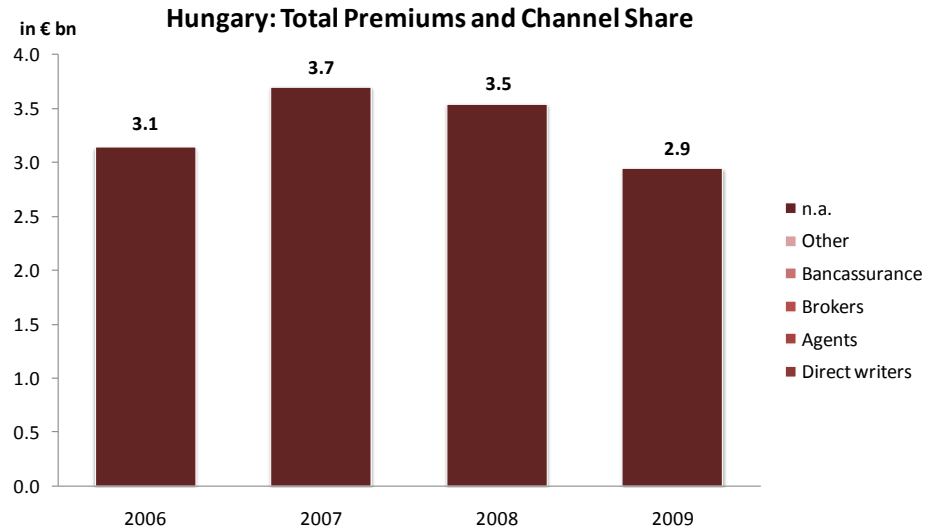
Between 2006 and 2009, the total premiums decreased in Hungary by 6.3% (€3.14 bn in 2006 and €2.94 bn in 2009). Life-insurance premiums as well as non-life-insurance premiums fell due to a major economic downturn.

The total number of undertakings increased between 2006 and 2009. In 2006, Hungary had 39 undertakings as opposed to 47 in 2009. Of these undertakings 35 were national enterprises.

Life insurance

In 2009, approximately half of the premiums paid in the Hungarian insurance market were in the life sector. Between 2006 and 2009, the total annual premiums in the life sector decreased.

⁹⁶ Magyar Nemzeti Bank, Report on Financial Stability 2011, http://english.mnb.hu/Root/Dokumentumtar/ENMNB/Kiadvanyok/mnben_stabil/mnben-stab-jel-201104/Report-on-financial-stability-201104_EN.pdf



Source: CEA, PwC calculations

Within the life market, the CEA⁹⁷ reports that the bancassurance channel has the lead in distribution even though its market share has been reducing since 2006.

Non-life insurance

In 2009, approximately half of the premiums paid in the Hungarian insurance market were in the non-life sector. Between 2006 and 2009, the total annual premiums in the non-life sector remained stable.

Ireland

Overview

In the Irish market between 2006 and 2009, the total premiums dropped from €16.1 bn in 2006 to €12.1 bn in 2009. Life-insurance premiums as well as non-life-insurance premiums decreased dramatically due to a severe economic downturn.

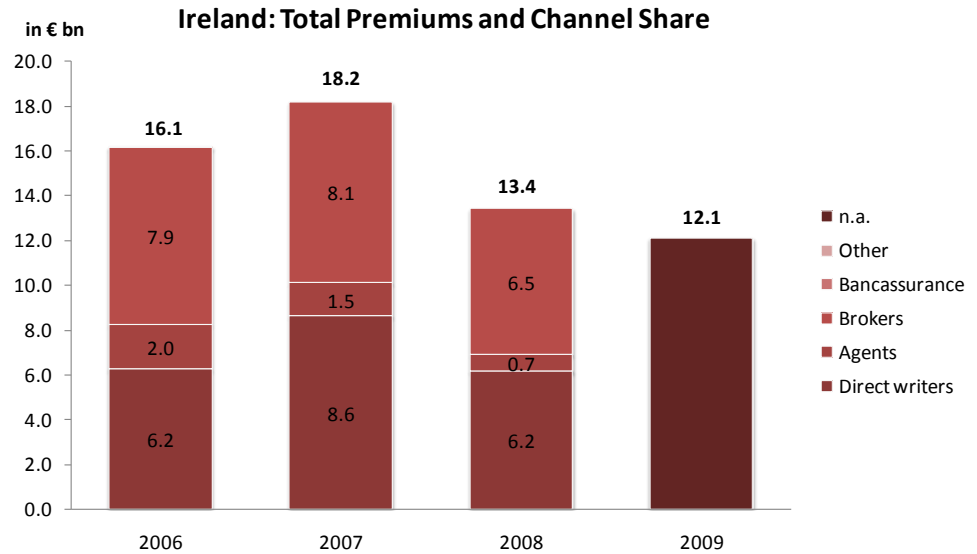
The total number of undertakings increased between 2006 and 2009. In 2006, Ireland had 229 undertakings as opposed to 344 in 2009. Of these undertakings the vast majority were Irish and approximately one tenth were branches of foreign countries.

Life insurance

Life policies are mainly distributed by agents and brokers. Brokers represented 45% of the life market in 2008 while direct writers accounted for 48%. After a surge in 2003, distance selling decreased in 2004, while life insurance undertaking employee business experienced a remarkable recovery from the year 2005, taking advantage of the strong rise in the life market according to the CEA⁹⁸. Whether these trends will continue in post-recession Ireland remains to be seen.

⁹⁷ CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

⁹⁸ CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010



Source: CEA, PwC calculations

In 2009, 75% of the premiums paid in the Irish insurance market were in the life sector. Between 2006 and 2009, the total annual premiums in the life sector trended downwards with a change of 25%.

Non-life insurance

The distribution of non-life insurance products is shared between brokers and direct writing (employees and distance selling). Brokers accounted for more than 68% of non-life business in 2004 but had dropped to 59% in 2008, with the direct channel market share increasing significantly over the same period.

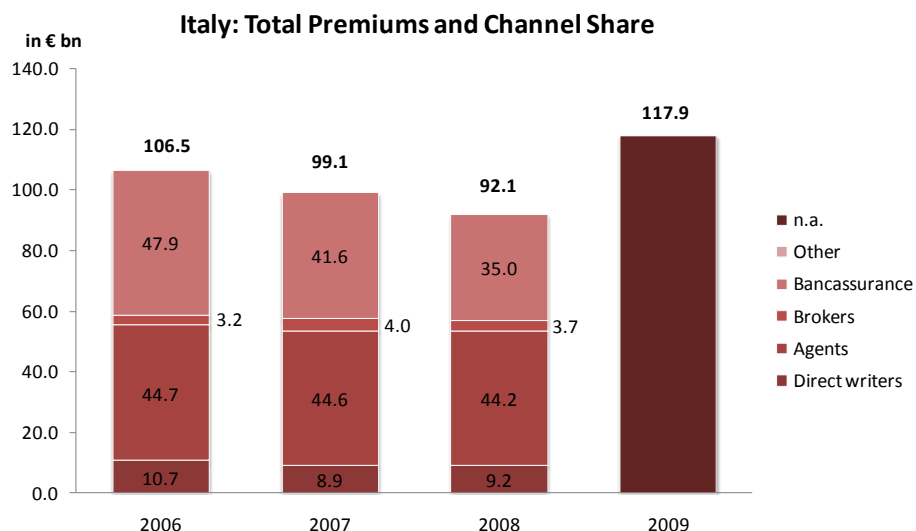
In 2009, 25% of the premiums paid in the Irish insurance market were in the non-life sector. Between 2006 and 2009, the total annual premiums in the non-life sector decreased by 19%.

Italy

Overview

Distribution in the Italian market is led by agents, with bancassurance in second place. This is a significant change since 2006 as bancassurance at that time was the dominant distribution channel. Recently Banca D'Italia stated that 'savers' strong aversion to risk continued to penalize unit-linked and index-linked life insurance policies, whose investment risk is borne directly by the insured; they recorded net outflows of €12.6 billion (€4.5 billion in 2008). There was an increasing propensity to invest in traditional insurance products, with their more extensive yield guarantees, and purchases of these jumped from €2.1 billion in 2008 to €35.9 billion last year⁹⁹.

⁹⁹ Banca D'Italia, Annual Report, Abridged Version, Ordinary Meeting of Shareholders, Rome, 31 May 2010



Source: CEA, PwC calculations

Between 2006 and 2009, the total premiums increased by 10.67% (€106.5 bn in 2006 and €117.9 bn in 2009). This trend was led by a strong growth in life-insurance premiums whereas non-life-insurance premiums remained stable during that period.

The total number of undertakings remained relatively stable between 2006 and 2009. In 2006, Italy had 246 undertakings as opposed to 241 in 2009. Of these undertakings three-fifths are Italian, the others being mainly European. Of the top five insurance undertakings four are Italian.

Life insurance

Bancassurance, although remaining the prevailing channel in terms of premiums (62% in 2008), has recorded slight declines since 2001, when it reached a peak of 72%. Direct writing has been stable at 12%. Agents accounted for 24% in 2008, an increase from 2006 when they represented 20%.

In 2009, 69% of the premiums paid in the Italian insurance market were in the life sector. Between 2006 and 2009, the total annual premiums in the life sector had risen by 17%.

Non-life insurance

In non-life, 84% of premiums were paid through agents. This market share has remained stable over time but could decrease as a new law forbids tied links between insurers and agents, according to the CEA¹⁰⁰. With 8% of the market in 2006, brokers were the second largest distribution channel, but direct writing, thanks to the strong increases in the use of the internet and in telephone selling over recent years, contributed 6% of premium income in 2008. Bancassurance represents less than 3% of non-life premiums.

In 2009, 31 % of the premiums paid in the Italian insurance market were in the non-life sector. Between 2006 and 2009, the total annual premiums in the non-life sector remained stable.

¹⁰⁰ CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

Latvia

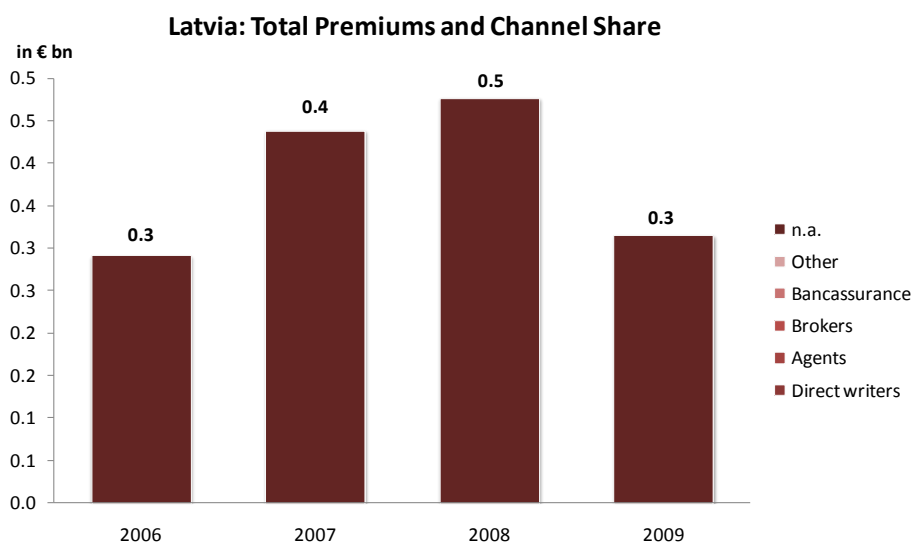
Overview

In Latvia the fall in personal income and the decline in real estate and car market due to the economic downturn led to a decrease in non-life insurance assets dominating the insurance market. At the same time, as the global financial markets recovered, life insurance assets increased by 10.2%¹⁰¹.

Brokers and agents (tied and multi-tied) form the major distribution channels in Latvia. In the past brokers have historically focused primarily on motor insurance, property insurance, health insurance and life insurance. In 2004, the acquisition of the life insurance undertaking Balta Dzīvība by SEB Unibanka, followed by the launching of life insurance products by Hansabank Group and Grawe Group, combined to open up the market to swift development by bancassurance¹⁰².

Since that time, between 2006 and 2009, the total premiums increased by 8% (€ 291 m in 2006 and € 315 m in 2009). However, like in many other countries, in the year 2008 the total premiums peaked, in this case with a high point of € 476 m. The life-insurance market benefited from a higher growth rate than the non-life-one.

The total number of undertakings has been increasing, with a rise of 25% since 2006, when Latvia had 20 undertakings as opposed to 25 in 2009. Of these undertakings three-fifths were national and two-fifths were branches of foreign countries.



Source: CEA, PwC calculations

Life insurance

The life insurance market is very much behind non-life. In 2009, only 9% of the premiums paid in the Latvian insurance market were in the life sector. Although between 2006 and 2009, the total annual premiums in the life sector had grown by 15%.

Non-Life insurance

In 2009, 91% of the premiums paid in the Latvian insurance market were in the non-life sector. Between 2006 and 2009, the total annual premiums in the life sector rose by 7.5%.

¹⁰¹ *Latvijas Banka*, Financial Stability Report, 2009, http://www.bank.lv/public_files/images/img_lb/izdevumi/latvian/fin_parskats/2009/FSR_2009_EN.pdf

¹⁰² CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

The 10 largest insurance undertakings controlled more than 44% of the market in 2009.

Lithuania

Overview

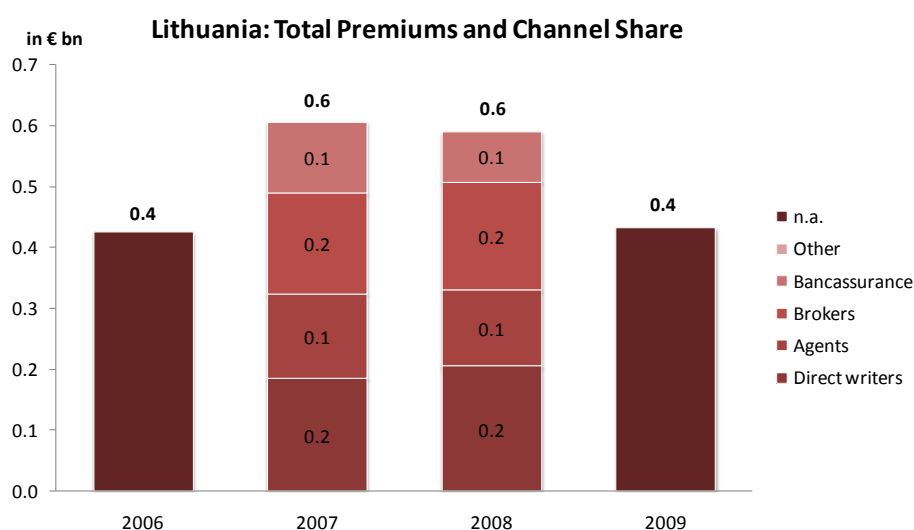
Lithuania's non-bank financial sector (including insurance) was still being described in 2008 as 'very small' but growing, with compulsory third party motor liability insurance and mortgage insurance being identified as drivers¹⁰³.

The total number of undertakings was stable in Lithuania between 2007 and 2009. In 2009, Lithuania had 28 undertakings. Of these undertakings half were Lithuanian and the others were branches of foreign countries.

Between 2006 and 2009, the total premiums increased by 2% (€ 425 m in 2006 and €432 m in 2009). However in the year 2007 the total premiums had reached a peak of € 606 m. The life-insurance market benefited from a higher growth rate than the non-life sector.

Life insurance

In 2009, 31% of the premiums paid in the Lithuanian insurance market were in the life sector. Between 2006 and 2009, the total annual premiums in the life sector remained stable.



Source: CEA, PwC calculations

Within the life market, the bancassurance channel has the lead in distribution and the market share was increasing in 2008. Agents accounted for 31% in 2007 (decreasing since 2006) while direct sales and brokers held market shares of 8% and 13% respectively in 2008.

Non-life insurance

In 2009, 69% of the premiums paid in the Lithuanian insurance market were in the non-life sector. Between 2006 and 2009, the total annual premiums in the life sector remained stable.

¹⁰³ IMF Country Report No. 08/137, April 2008, <http://www.imf.org/external/NP/fsap/fsap.aspx>

Within the non-life market, the direct sales have the lead in distribution with almost half the market at 44%, although the market share was decreasing by 2008. Brokers accounted for 36% in 2007 while agents and bancassurance held market shares of 18% and 2% respectively in 2008.

Luxembourg

Overview

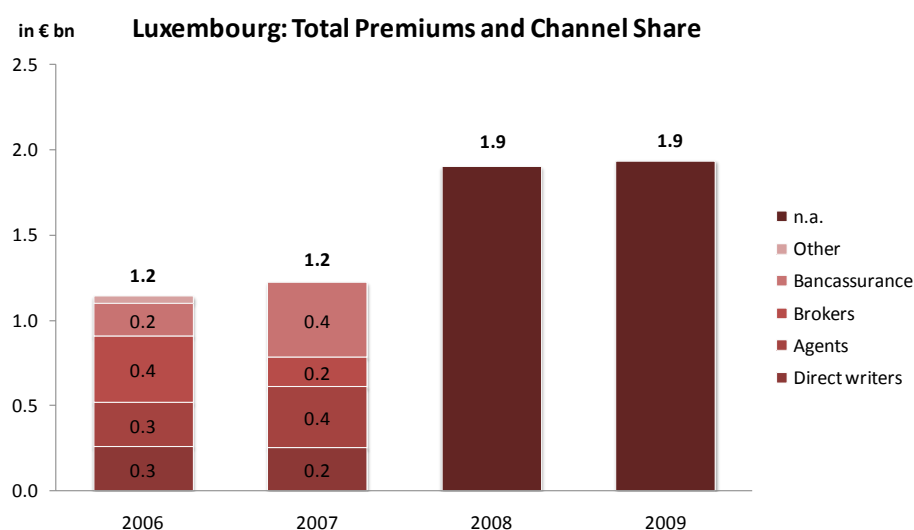
Luxembourg has experienced massive growth. Between 2006 and 2009, the total premiums increased by 70% (€1.13 bn in 2006 and €1.9 bn in 2009). The rate of growth, which was rather low between 2006 and 2007, significantly increased from 2007 to 2009.

The total number of undertakings was reduced in the Luxembourg market between 2006 and 2009. In 2006, Luxembourg had 357 undertakings as opposed to 344 in 2009. Of these undertakings the vast majority were Luxembourgish.

Life insurance

Bancassurance, which is almost nonexistent in non-life, represented 37% of the new life premium income in 2006, and more than doubled to 79.7% in 2007.

In 2009, 63% of the premiums paid in the Luxembourg insurance market were in the life sector. Between 2006 and 2009, the total annual premiums in the life sector expanded with an increase of 139.5%.



Source: CEA, PwC calculations

Non-life insurance

In 2009, 37% of the premiums paid in the Luxembourg insurance market were in the non-life sector. Between 2006 and 2009, the total annual premiums in the non-life sector had grown by 13%.

Agents constituted the main distribution channel for new non-life business, with a market share of 40% in 2006. However, this share had decreased significantly from 52% in 2005, to the benefit of direct writing, which rose from 23% in 2005 to 35% in 2007. Brokers have a largely stable market share of 25% according to the CEA¹⁰⁴.

¹⁰⁴ CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

The distribution of non-life products abroad, under Free Provision of Services, showed a very different pattern. About 70% of the new non-life business abroad was underwritten through brokers and 25% directly by companies¹⁰⁵.

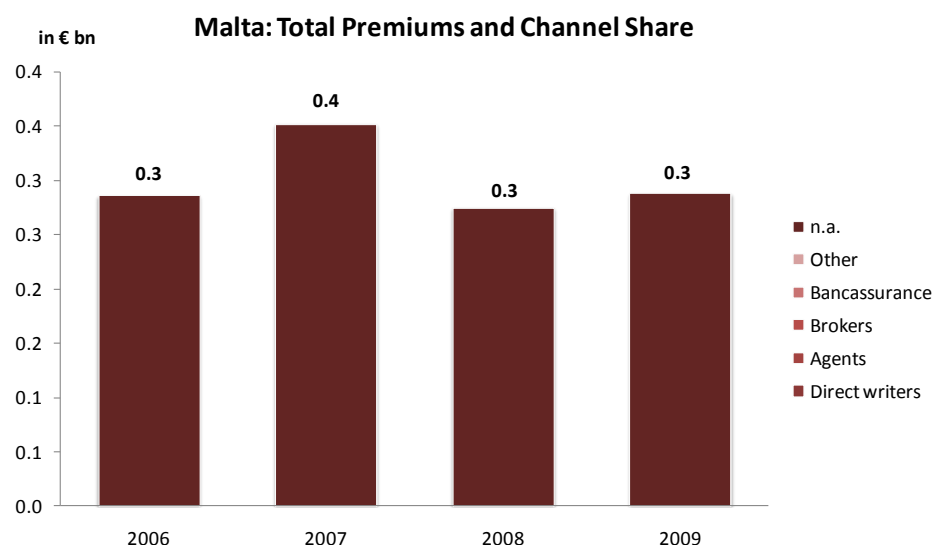
For both domestic and cross-border activities, bancassurance was negligible in the distribution of non-life insurance products.

Malta

Overview

According to the Central Bank of Malta¹⁰⁶ the insurance sector reverted to profitability during the first quarter of 2010. This contrasted sharply with the losses incurred during the preceding six months as a result of the write-offs of the operations of a foreign subsidiary. At the same time, the insurance sector asset base expanded by 6.6%, with the business principally driven by the life assurance segment.

In Malta between 2006 to 2009 the total premiums had been more or less stable (€286 m in 2006, €288 m in 2009) with a peak in 2007 (€352 m). In parallel, the number of undertakings in both life and non-life insurance have gone up from 37 in 2006 to 57 in 2009 which represents an average annual growth of 14%. The growth has mainly occurred in national undertakings (22 in 2006, 44 in 2009).



Source: CEA, PwC calculations

Life insurance

The life insurance market is dominated by bancassurance, which accounted for about three-quarters of the total market. Tied agents accounted for almost 13% of the life market in 2007 against more than 15% in 2006. The remainder was shared by brokers and company employees, representing less than 3% each.

The total premiums in life insurance undertakings peaked in 2007 at €228 m, rising from €171 m in 2006 and falling to €181 m in 2008. 2009 displayed a growth of €12 m to €193 m (7%) in written premiums.

¹⁰⁵ CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

¹⁰⁶ Central Bank of Malta, Financial Stability Report Update – June 2010, http://www.centralbankmalta.org/updates/Downloads/pdfs/fsrupdate_2010.pdf

The number of life insurance undertakings rose from 9 in 2006 to 12 in 2009.

Non-life insurance

There are no official statistics available regarding the distribution of non-life products. However, according to the CEA¹⁰⁷, it is estimated that approximately 50% of general business personal lines are transacted through direct means and tied agents; whereas in commercial lines intermediaries have a stronger presence.

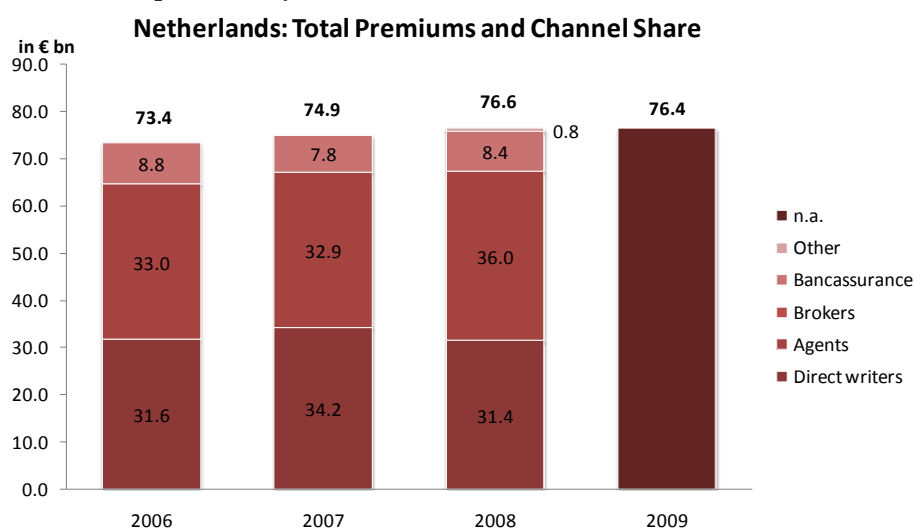
Similar to the life insurance market, the non-life insurance undertakings peaked in 2007 with regard to the total premiums (€123.85 m from €114.86 m in 2006, going down to €93.37 m in 2008, and €95 m in 2009).

The number of non-life insurance undertakings rose from 24 in 2006 to 37 in 2009 (14% average annual growth). The national non-life insurance undertakings dominated the market with over three quarters comprised of national enterprises.

Netherlands

Overview

As of 2008 distribution in the Dutch market was led by agents, at 47%, and direct writers in second place with 41%. This is in keeping with past experience in the market over the previous 3 years.



Source: CEA, PwC calculations

Between 2006 and 2009, the total premiums increased by 4% (€73.4 bn in 2006 and €76.4 bn in 2009). The rate of growth was negative for the life sector whereas the non-life market benefited from a growth of 10%.

The total number of undertakings decreased between 2006 and 2009. In 2006, Netherlands had 341 undertakings as opposed to 282 in 2009. The great majority of those undertakings were Dutch.

According to the Dutch Central Bank the continuing fall in sales of individual life insurance policies is a source of risk for the Dutch life insurance sector¹⁰⁸.

¹⁰⁷CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

¹⁰⁸ De Nederlandsche Bank, Overview of Financial Stability in the Netherlands, November 2010, No. 12, http://www.dnb.nl/en/binaries/Overview%20of%20Financial%20Stability%20in%20the%20Netherlands%20-%20November%202010_tcm47-242463.pdf

Life insurance

In 2009, 32% of the premiums paid in the Dutch insurance market were in the life sector. Between 2006 and 2009, the total annual premiums in the life sector had declined by 7%.

Agents collected 57% of life premiums in 2008. Direct writing was the second most widely used channel for life insurance policies in the Netherlands and represented 27% of the market while bancassurance came third with 14% of the total life business in 2008.

It should also be stressed that within the larger insurance groups there is a tendency to no longer focus on just one distribution channel or range of products and instead to use a multi-channel approach, potentially including both insurance and banking subsidiaries¹⁰⁹.

Non-life insurance

In 2009, 68% of the premiums paid in the Dutch insurance market were in the non-life sector. Between 2006 and 2009, the total annual premiums in the non-life sector had risen by 10%.

The non-life market experienced exceptional growth in 2006, following the privatisation of the healthcare insurance system. This new business mainly benefited the direct writing network, whose market share increased from 40% in 2005 to 49% in 2008. For other non-life products, agents held the second largest market share with 41% of total non-life premiums in 2008, while bancassurance accounted for less than 10%¹¹⁰.

Poland

Overview

According to the National Bank of Poland the gross loss ratio worsened in the Polish insurance market in the first half of 2010. This was due to the accumulation of unfavourable weather conditions, the increase in the value of claims arising from personal injury in automobile insurance due to increased legal awareness regarding compensation, an increase in costs of damages caused by Polish citizens in foreign countries and strong price competition between insurance companies, in particular in automobile insurance¹¹¹.

Distribution in the Polish market is still heavily dominated by agents. This is in keeping with past experience in the market even though their market share is steadily diminishing.

Between 2006 and 2009, the total premiums increased by 23% (€9.6 bn in 2006 and €11.8 bn in 2009). After having skyrocketed in 2008, the market underwent a violent downturn and lost approximately 30%. The life insurance industry benefited from a higher growth rate than the non-life-market during that period.

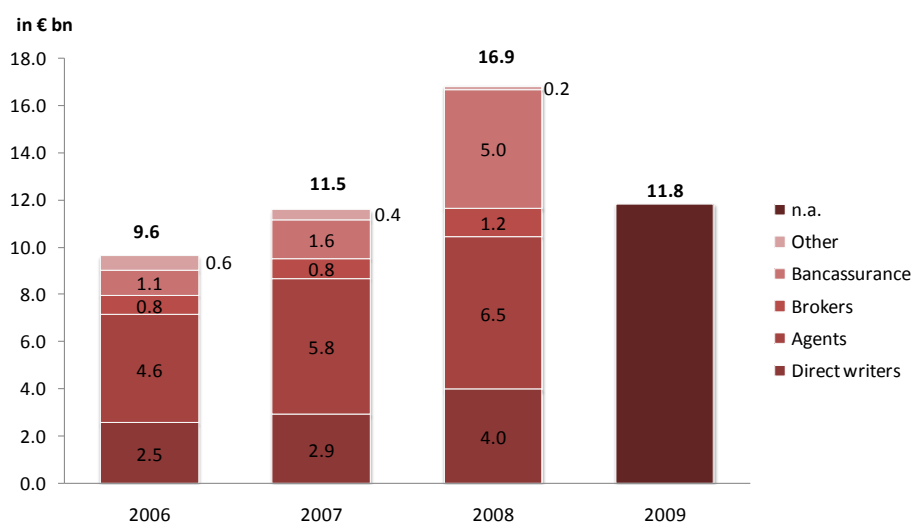
The total number of undertakings decreased between 2006 and 2009. In 2006, Poland had 77 undertakings as opposed to 65 in 2009.

¹⁰⁹ CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

¹¹⁰ CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

¹¹¹ National Bank of Poland, Financial Stability Report December 2010, <http://www.nbp.pl/en/systemfinansowy/fsr201012.pdf>

Poland: Total Premiums and Channel Share



Source: CEA, PwC calculations

Life insurance

Within the life market, the bancassurance channel currently dominates with a 44% share, although before 2008 agents were the leading distribution channel for life products with 43% in 2007. Direct sales and brokers held market share of 23% and 2% respectively in 2008.

In 2009, 59.05% of the premiums paid in the Polish insurance market were in the life sector. Between 2006 and 2009, the total annual premiums in the life sector experienced an increase of 29%.

Non-life insurance

Agents represented the largest distribution network for non-life products in 2008, with a market share of 59%. Brokers held 14% of the market. The two intermediary networks have slightly increased their market shares over the previous few years. Direct writing accounted for 24% of the non-life market in 2008. Bancassurance in non-life insurance is very low.

In 2009, 40.95% of the premiums paid in the Polish insurance market were in the non-life sector.

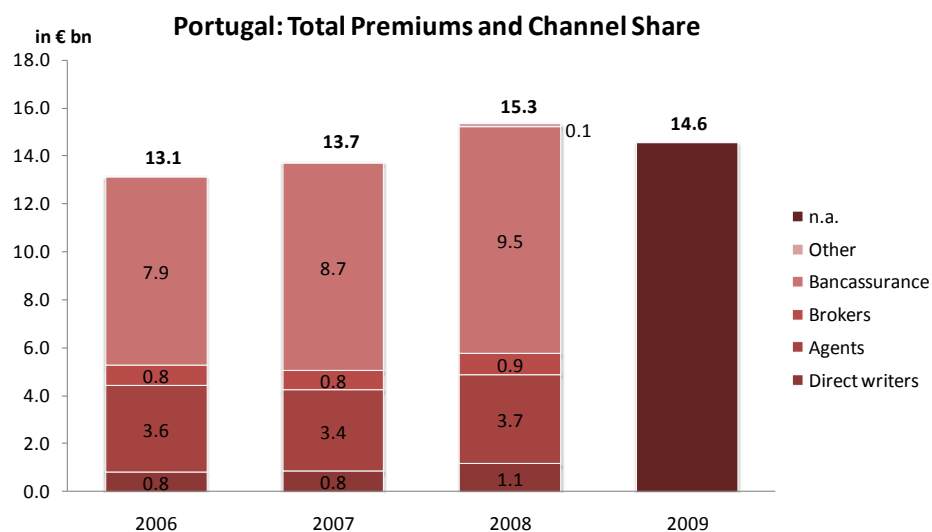
Portugal

Overview

Distribution in the Portuguese market is led by bancassurance, with agents in second place. This is consistent with past experience in the market.

Between 2006 and 2009, the total premiums increased by 11% (€13.1 bn in 2006 and €14.5 bn in 2009). This trend was led by a strong growth in life-insurance premiums whereas non-life-insurance premiums decreased during the same period. This trend has continued into 2010 as the Bank of Portugal has stated that savers continued to prefer alternative financial investments with higher yields (albeit with lower liquidity and/or greater risk), notably life insurance investments over bank deposits¹¹².

¹¹² Banco de Portugal, Financial Stability Report, November 2010, http://www.bportugal.pt/en-US/EstudosEconomicos/Publicacoes/RelatorioEstabilidadeFinanceira/Publications/ref_10_e.pdf



Source: CEA, PwC calculations

The total number of undertakings increased between 2006 and 2009. In 2006, Portugal had 73 undertakings as opposed to 87 in 2009. Of these undertakings just over half are Portuguese with the remainder branches of foreign countries.

Life insurance

In 2009, 67.8% of the premiums paid in the Portuguese insurance market were in the life sector. Between 2006 and 2009, the total annual premiums in the life sector have observed an increase of 19%.

The distribution of life business differed significantly from the non-life market, with a huge predominance of bancassurance, which accounted for 82% of total life premiums in 2008. The bancassurance network has benefited most from the strong increase in life business over the last decade. Agents, direct writing and brokers had market shares of 11%, 6% and 1% respectively in 2008.

Non-life insurance

In Portugal, non-life insurance policies were mainly distributed by intermediaries. Agents held 61% of this market in 2008 while brokers held with a stable market share of approximately 17%. Direct writing and bancassurance accounted for 10% of non-life business each in 2008¹¹³.

In 2009, 32.16% of the premiums paid in the Portuguese insurance market were in the non-life sector. Between 2006 and 2009, the total annual premiums in the non-life sector remained stable.

Romania

Overview

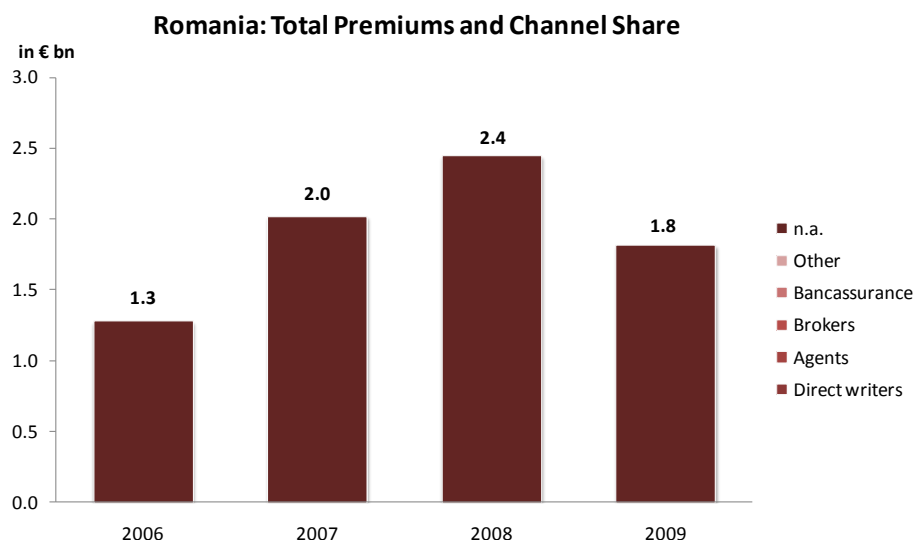
The insurance and pensions sectors in Romania have been described as 'small, but growing in importance' and facing important development challenges¹¹⁴. After having boomed in 2008, the market underwent a severe downturn and lost more than 25% in

¹¹³ CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

¹¹⁴ IMF Country Report No. 10/47, February 2010

2009, although the non-life insurance industry benefited from a higher growth rate than the life market during that period. Between 2006 and 2009, the total premiums increased by 42% (€1.27 bn in 2006 and €1.81 bn in 2009).

In its annual report for 2009 the National Bank of Romania stated that ‘The insurance market experienced a significantly slower dynamics on general insurance segment and even a contraction in what concerns life insurance products, as the weak economic environment dampened the purchasing power and led to the redemption of a significant number of life insurance policies’¹¹⁵.



Source: CEA, PwC calculations

The report also stated that auto insurance products remained the main component of the insurance market, this segment is facing increasing pressure from policy premiums in the period ahead due to the large costs recorded in recent years’¹¹⁶.

The total number of undertakings increased between 2006 and 2009. In 2006, Romania had 41 undertakings as opposed to 54 in 2009. Of these undertakings over 80% are Romanian with the remainder branches of foreign countries.

Life insurance

Between 2006 and 2009, the total annual premiums in the life sector have declined by 9.31%.

In life insurance, the market share written by direct writing increased from 35% in 2002 to 43% in 2004, while the agents’ share fell from 45% to 37%. Brokers and bancassurance each accounted for approximately 10% of life business in 2004, with a steady increase in the latter over the previous two years¹¹⁷.

Non-life insurance

Between 2006 and 2009, the total annual premiums in the non-life sector have increased by 55%.

Direct writing and agents dominated the distribution in the Romanian non-life market, with market shares of 38% and 35% respectively. Brokers maintained a

¹¹⁵ National Bank of Romania, Annual Report 2009, http://www.bnro.ro/files/d/Pubs_en/Anuale/AR2009.pdf

¹¹⁶ National Bank of Romania, Annual Report 2009, http://www.bnro.ro/files/d/Pubs_en/Anuale/AR2009.pdf

¹¹⁷ CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

rather stable 10% market share. Bancassurance experienced quite significant growth from 2002 to 2004, with the market share increasing from 6% to 9%¹¹⁸.

Slovakia

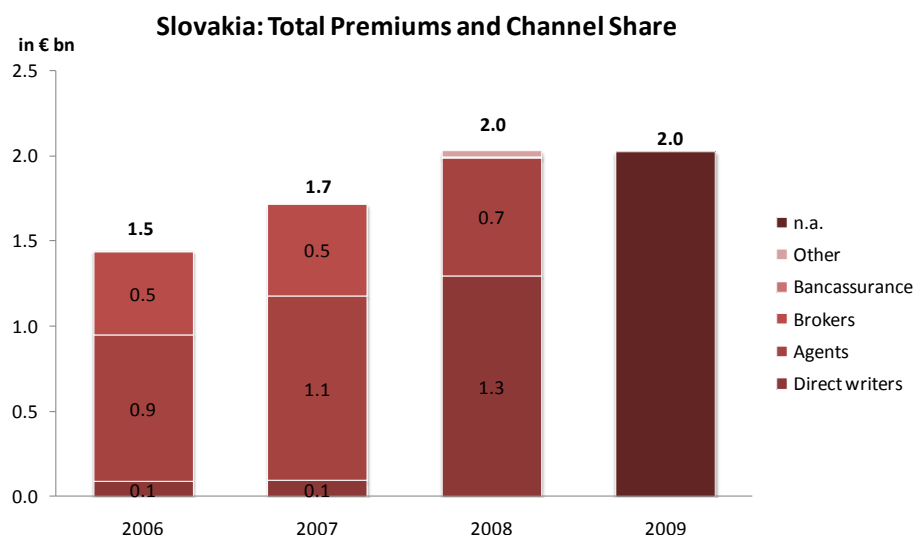
Overview

In 2010, the NBS Bank Board approved the implementation of six regulations and two methodological guidelines concerning the insurance sector. These included Decree No. 18/2010 on the average level of expenses related to financial intermediation in life insurance (which gives the measurement, calculation methodology, and dates for disclosure of expenses related to financial intermediation in life insurance) and Decree No. 4/2010 (a template of insurance policy terms). The purpose of which was to assist prospective policyholders in deciding whether to sign the insurance contract or whether the offered insurance product is suitable for them at all¹¹⁹.

Between 2006 and 2009, the total premiums increased by 41% and while both the life and non-life markets were growing strongly, the life-market grew faster than non-life.

In 2007, Slovakia had 35 undertakings as opposed to 34 in 2009. Of these undertakings approximately 60% are national with the remainder branches of foreign companies. The total number of undertakings decreased slightly between 2007 and 2009.

Insurance mediation in Slovakia is carried out predominantly through tied and multi-tied agents and brokers. There are also subordinate insurance intermediaries, who work under contract for agents and brokers. More than 80% of contracts are concluded by tied agents. Other distribution channels such as direct writing and bancassurance are not popular at present, although their influence is increasing¹²⁰.



Source: CEA, PwC calculations

Life insurance

In 2009, 52.47% of the premiums paid in the Slovakian insurance market were in the life sector. Between 2006 and 2009, the total annual premiums in the life sector

¹¹⁸ CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

¹¹⁹ Národná Banka Slovenska, Annual Report 2010,

http://www.nbs.sk/_img/Documents/ZAKLNBS/PUBLIK/SFS/SFS2009A.pdf

¹²⁰ CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

increased by 56%. However, in 2009 there was a drop in life insurance products due to risk aversion to unit-linked products and increased number of contract surrenders¹²¹.

Within the life market, the direct sales have the lead in distribution in 2008 after having jumped between 2006 and 2008 from 5% to 64%. Agents accounted for 36% in 2008, having contracted from 63% in 2006 while brokers held a market share of 2% in 2008.

Non-life insurance

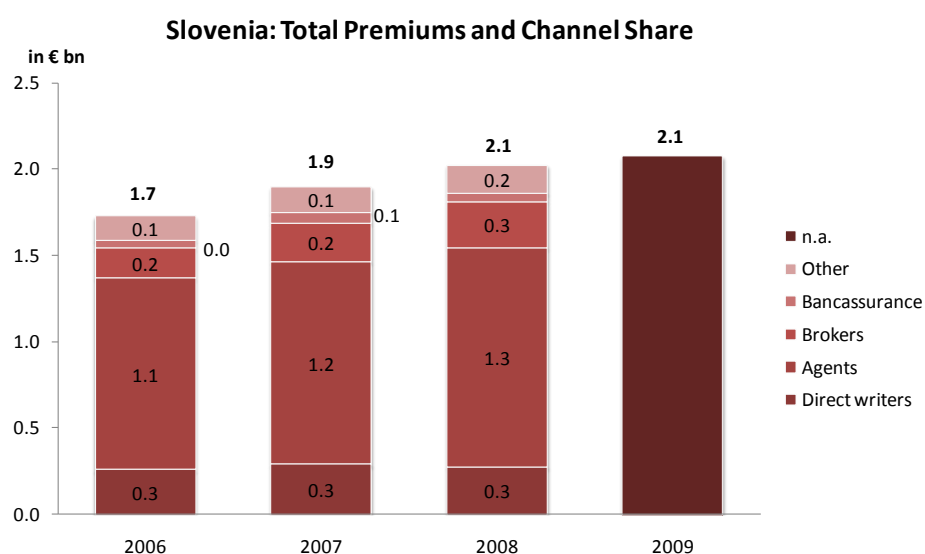
In 2009, 47% of the premiums paid in the Slovakian insurance market were in the non-life sector. Between 2006 and 2009, the total annual premiums in the non-life sector had risen by 27%.

Slovenia

Overview

Distribution in the Slovenian market is led by agents, with direct sales in second place. This is in keeping with past experience in the market.

Between 2006 and 2009, the total premiums increased by 20% (€1.7 bn in 2006 and €2 bn in 2009). This trend was experienced in both life and non-life insurance. However, in 2009 there was an increase of a quarter in the cancellations of life insurance policies, equivalent to 6% of existing life insurance, and consumers shifted from riskier products to more traditional forms of life insurance¹²².



Source: CEA, PwC calculations

The total number of undertakings increased between 2006 and 2009. In 2006, Slovenia had 17 undertakings as opposed to 20 in 2009. Of these undertakings 85% are Slovenian, the others comprised of branches of foreign companies.

¹²¹ *Národná Banka Slovenska*, Financial Stability Report 2009, http://www.nbs.sk/_img/Documents/ZAKLNBS/PUBLIK/SFS/SFS2009A.pdf

¹²² Bank of Slovenia, Financial Stability Review, May 2010, http://www.bsi.si/library/includes/datoteka.asp?DatotekaId=3979&bcsi_scan_24DE0A96D2B59F70=d8ONMjRoL918IKt3xSMtTap/D7UTAAAAeFnQEQ==:1

Life insurance

In 2009, 30.39% of the premiums paid in the Slovenian insurance market were in the life sector. Between 2006 and 2009, the total annual premiums in the life sector rose by 16.5%.

As with non-life insurance distribution, the life market was dominated by agents (53%) in 2008 and more particularly by tied agents. Their market share remained stable over the two years to 2006 but slightly decreased thereafter. In 2008, brokers accounted for 18% of the life insurance market, while bancassurance totalled 6%. Direct writing accounted for less than 2%.

Non-life insurance

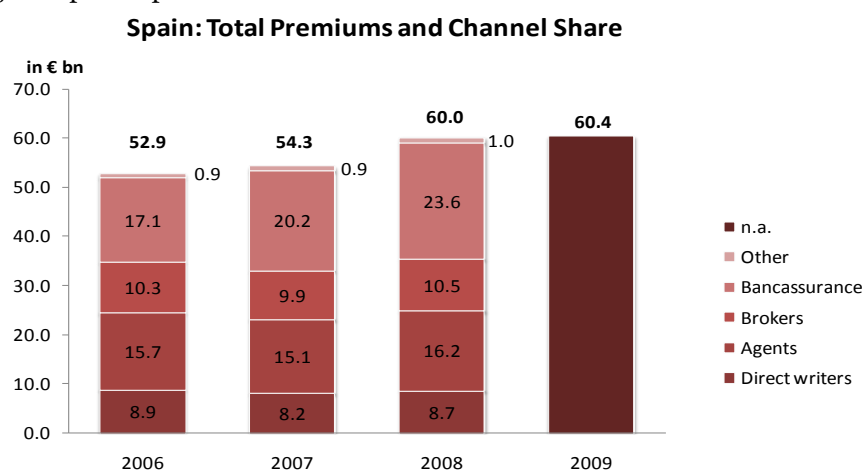
In 2009, 69.61 % of the premiums paid in the Slovenian insurance market were in the non-life sector. Between 2006 and 2009, the total annual premiums in the non-life sector had grown by 22%.

The largest share of non-life premiums was collected by agents, mainly tied to a single insurer. Their 2008 market share of 68% was slightly lower than the 2004 figure of 72%. In 2008, brokers accounted for 11% of collected premiums, while 19% of premiums were collected through direct writing, which has mostly benefited from the decrease in agents' sales. Bancassurance and distance selling is less than 1%.

Spain

Overview

The Spanish insurance industry has been described as having a well-developed infrastructure, and a sound regulatory and supervisory regime¹²³. Distribution in the Spanish market is led by bancassurance, with agents in second place. This is in keeping with past experience in the market.



Source: CEA, PwC calculations

Between 2006 and 2009, the total premiums increased by 14% (€52.8 bn in 2006 and €60.3 bn in 2009). This trend was led by a strong growth in life-insurance premiums whereas non-life-insurance premiums remained stable during that period.

The total number of undertakings increased between 2006 and 2009. In 2006, Spain had 297 undertakings as opposed to 361 in 2009. Of these undertakings five-sixths are Spanish and one-sixth are branches of foreign countries.

¹²³ IMF Country Report No. 06/212, June 2006

Life insurance

During the 1990s, the bancassurance channel for life insurance products experienced a steep growth rate. However, since 2002, its market share remained relatively stable at 72% in 2007. In 2007, agents and brokers accounted for 14% and 7% of the market respectively and direct writing less than 8% of life premiums, including 6.7% by employees¹²⁴.

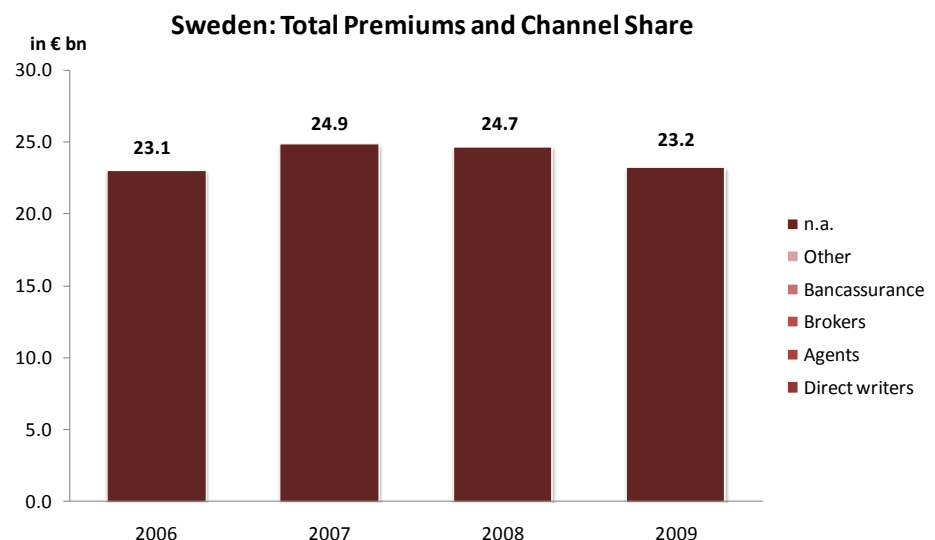
In 2009, 48.16% of the premiums paid in the Spanish insurance market were in the life sector. Between 2006 and 2009, the total annual premiums in the life sector increased by 22%.

Non-life insurance

Brokers and agents collected the bulk of non-life premiums in Spain. Agents have experienced a gradual fall in market share from 45% in 2001 to 38% in 2008, whereas brokers grew from 23% to 27% over the same period¹²⁵. Direct writing represented 22% of the market and was comprised mainly of company employees (20%). Bancassurance accounted for 11% of the business in 2008, its market share having more than doubled since 2001.

In 2009, 51.84% of the premiums paid in the Spanish insurance market were in the non-life sector. Between 2006 and 2009, the total annual premiums in the non-life sector grew by 8%.

Sweden



Source: CEA, PwC calculations

Overview

Between 2006 and 2009, the total premiums remained quite stable at circa €23 bn, with a slight peak in 2007. The life market and non-life markets have had a different experience, with the life market gaining premium volumes gradually, while the non-life sector contracted.

The total number of undertakings increased between 2006 and 2009, as in 2006, Sweden had 206 undertakings as opposed to 227 in 2009. Of these undertakings the vast majority (approximately 90%) are national.

¹²⁴ CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

¹²⁵ CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

Life-insurance

In 2009, 77% of the premiums paid in the Swedish insurance market were in the life sector. Between 2006 and 2009, the total annual premiums in the life sector had increased slightly with a change of 16%.

Non-life insurance

In 2009, 23% of the premiums paid in the Swedish insurance market were in the non-life sector. Between 2006 and 2009, the total annual premiums in the non-life sector had contracted by 31%.

The number of undertakings went up by 14% between 2006 and 2009, reducing market concentration.

United Kingdom

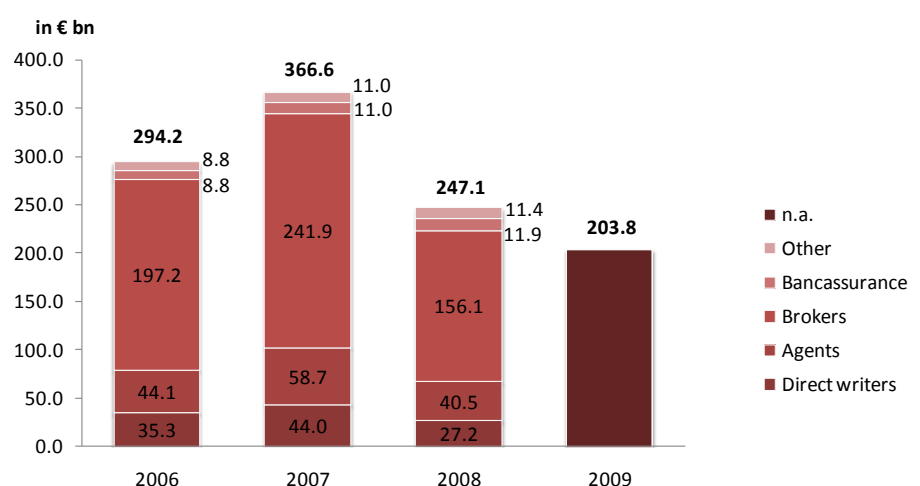
Overview

By 2009 figures, the United Kingdom was still the largest insurance market in Europe (closely followed by France), despite suffering a massive crash. Between 2006 and 2009, the total premiums collapsed from €294 bn in 2006 to €203 bn in 2009. Despite significant losses on insurers' investment portfolios in 2008 and early 2009, and with the important exception of financial guarantee markets, insurance markets function well according to the Bank of England. Credit risk premiums on UK insurance firms in the first half of 2010 remain 'well below crisis levels'¹²⁶.

Distribution in the British market is led by brokers, followed by agents.

The total number of undertakings increased between 2006 and 2009. In 2006, United Kingdom had 370 undertakings as opposed to 395 in 2009. Of these undertakings, more than 90% were British.

United Kingdom: Total Premiums and Channel Share



Source: CEA, PwC calculations

¹²⁶ Bank of England, Financial Stability Report, June 2010, Issue No. 27, <http://www.bankofengland.co.uk/publications/fsr/2010/fsrfull1006.pdf>

Life-insurance

Within the life market, the brokers channel has the lead in distribution even though its market share has been declining since 2006. Agents accounted for 23.2% in 2009 and this channel has suffered some fluctuation, while direct sales held a market share of 4% in 2008.

In 2009, 73.2% of the premiums paid in the British insurance market were in the life sector. Between 2006 and 2009, the total annual premiums in the life sector shrunk by 33%.

Non-life insurance

Non-life insurance policies in the UK are mainly distributed through brokers, which accounted for 57% of the business in 2009. The share has remained more or less stable since 2001. At 24%, direct writing, mainly via distance selling, was the second most popular channel for non-life policies. Bancassurance represented 10% of non-life business while affinity groups accounted for 8% according to the CEA¹²⁷. The two latter channels expanded during 2003 and have remained stable since then.

In 2009, 26.8% of the premiums paid in the British insurance market were in the non-life sector. Between 2006 and 2009, the total annual premiums in the non-life sector fell by 24%.

¹²⁷ CEA Statistics No.39, Insurance Distribution Channels in Europe, March 2010

Appendices

Appendix 1: Questionnaire

Study on the impact of the revision of the Insurance Mediation Directive

Questionnaire

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General Information

Thank you for participating in this study. All responses will be confidential. The data collected in this study will be used in the creation of a report for the European Commission, and will not be made public. For the purposes of quality control, PwC may share a generalised list of respondents to the European Commission, however all survey responses will be anonymous.

Context

Greater market efficiency and enhanced consumer protection are two overarching objectives of the single market policy. In the context of the IMD¹²⁸ (Insurance Mediation Directive) revision, the Commission services are looking for factual evidence which could inform the decision on whether and how to extend the scope of the IMD to direct writers¹²⁹ of insurance products. In addition, the Commission services do not consider the current provisions in the IMD sufficiently clear and effective to mitigate significant conflicts of interests. Therefore the Commission services recommend that the existing provisions should be revised, adjusted and elaborated further to improve consumer protection.

Objectives

The objective of this questionnaire is to determine the possible impact of:

1. The extension of conduct of business rules requirements contained in articles 12 and 13 of the existing IMD to direct writers (with the exclusion of the article 12(2) which deals with the issue on “fair analysis”);
2. The introduction of an ‘on request’ regime in relation to remuneration of insurance distributors into the future IMD;
3. The introduction of higher level of conflicts of interest rules for insurance distributors into the future IMD.

Scenarios

Please note that no such remuneration or conflict of interest rules have been drafted and any scenarios presented in the questionnaire are, at time of writing, completely hypothetical.

Contact us

For any queries in relation to this study, please contact:

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¹²⁸ Directive 2002/92/EC of the European Parliament and of the Council on insurance mediation

¹²⁹ The CEA (European insurance and reinsurance federation) defines direct writing as insurance distributed by insurance companies, without intermediaries, through the use of direct marketing. This distribution channel can be split into (i) tied agents (“employees”) with an employment contract with an insurer, and (ii) distance selling (call centres, the internet, mailing, etc).

Background Information

First Name: _____

Last Name: _____

Organisation: _____

Nature of organisation (tick more than one if you represent more than one area e.g. Direct Writer with Agents):

☐ Direct Writer

☐ Bank Acting as Intermediary (Bancassurance)

☐ Agent

☐ Broker

☐ Tied Agent

☐ Trade Association

☐ Consumer Association

☐ Regulator

Position at Organisation: _____

Address of Organisation: _____

Telephone: _____

Email: _____

Please give the following information, or your best estimate, to the following questions:

Number of sales employees:

Number of compliance employees:

Number of new and renewed contracts written by sales employees in last available 12 month period:

IMPORTANT NOTE: When answering the questionnaire, please base all your answers on your knowledge of the market of the following member state:

If your operations are based in another member state primarily, please inform us as soon as possible.

Section I

Impact of the extension of the IMD to direct writers

Under articles 12 and 13 of the Insurance Mediation Directive (IMD), an intermediary is required to give the following before concluding a new or renewed insurance contract:

- a) The Intermediary's Name and Address.*
- b) The Register the intermediary is enrolled in and the means to check this.*
- c) Holdings of 10% or more in the undertaking's business by the intermediary and vice versa.*
- d) The process by which a customer could register complaints and out-of-court redress procedures.*
- e) Whether or not the intermediary's advice represents a 'fair analysis', and if so, how.*
- f) Whether or not the intermediary is exclusively tied to one or more undertakings, and if so, to identify these undertakings on request.*
- g) To specify the demands and needs of the customer and the underlying reasons for advising a given insurance product.*
- h) To communicate all the information clearly, accurately and understandably in the official language of the member state or an agreed language.*
- i) To communicate all the information in a durable medium (e.g. via paper, CD or website under certain conditions)*

Q.1 – Existing legislation

Is the existing national legislation applicable to brokers/intermediaries under the IMD already applicable to your organisation or undertaking?

Yes ☐ No ☐ I don't know ☐

If **yes**, please proceed directly to **Question 2, Section 1, on Prior Experience**

If **no**, please proceed directly to **Question 6, Section 1, on Current Sales Approach**

Q.2 Prior experience with IMD

If you have had prior experience implementing IMD, please estimate the impact of implementation:

<i>Please specify the once-off and recurring changes.</i>	Once-off costs in €	Once-off time in Mandays	Recurring costs in €	Recurring time in Mandays	I don't know
1. IT Systems <i>Please estimate the costs for the capture and recording of additional data.</i>					
2. Training <i>Please estimate the costs involved in training staff regarding the new regime.</i>					
3. Internal supervision <i>Please detail the increase in budget in order to conduct proper internal compliance supervision regarding the new regime.</i>					
4. Marketing Materials <i>Please estimate the cost involved in creating any new marketing materials or stationary (excluding sales time costs).</i>					
5. Other <i>Please estimate the cost involved in any other area that you believe would be necessary and explain below what these are.</i>					

Comments:

Q.3 Effect of IMD on Clients

Do you believe that the implementation of IMD led to:

<i>Please tick the appropriate box</i>	Significant Increase	Minor Increase	No Change	Minor Decrease	Significant Decrease	I don't know
Premiums charged to clients	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Level of insurance coverage of products (insurance products)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Return on investment (investment products)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand for products through direct sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Policyholder protection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quality of advice to investor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Client understanding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please explain the rationale for your answer:

Q.4 Effect of IMD on Market Players

Do you believe that the implementation of IMD led to:

<i>Please tick the appropriate box</i>	Significant Increase	Minor Increase	No Change	Minor Decrease	Significant Decrease	I don't know
Competition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product range	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Barriers to entry for new undertakings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Profitability / Product Margins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Distribution costs (internal & external)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales Volume	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commission for intermediaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Regulatory Risk (e.g. mis-selling risk) ¹³⁰	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Number of market players (including impact on SMEs)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please explain the rationale for your answer:

¹³⁰ Regulatory risk in this instance refers to a salesperson or organisation failing to observe the regulatory requirements (e.g. minimum disclosures) during the course of a sales transaction, and thereby incurring fines, sanctions or legal action.

Q.5 Effect of IMD on Distribution Channels

Do you believe that the implementation of IMD had an impact on sales volumes in the following distribution channels:

Please tick the appropriate box	Significant Increase	Minor Increase	No Change	Minor Decrease	Significant Decrease	I don't know
Agent Distribution Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Broker Distribution Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bancassurance Distribution Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Direct Writing Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Distance Selling (web, direct mail, call centre) via the below channels:						
<i>Agent</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Broker</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Bancassurance</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Undertaking</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please specify if you think certain product ranges will be affected:

Q.6 – Current Sales Approach

According to article 12 of the IMD, prior to the conclusion of an insurance contract, the salesperson must communicate a minimum of data to the client. Article 12 should be seen in close connection with the provisions of article 13, which determines how the information should be disclosed to customer.

Could you please indicate if you currently provide the following information?

<i>Please tick the appropriate box</i>		Always	Sometimes	Never	I don't know
1.	Basic identification data, including company name and address	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Provide the name(s) of the insurance undertaking(s) with whom sales employees are under a contractual obligation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	If the salesperson is listed in a professional register	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Complaints procedure, including out-of-court procedures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Disclosing shareholdings above 10%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	Giving the client a document displaying all the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	Giving the client a statement of the clients demands and needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	Communicating to the client the underlying reasons for advice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Q.7 Impact on Sales Time of the extension of IMD to direct writers

For each activity which is not ALWAYS done in the above list, please estimate what you believe would be the one-off or recurring cost for each activity (if any):

<i>Please specify the once-off and recurring changes.</i>		Once-off costs in €	Once-off time in Mandays	Recurring costs in €	Recurring time in Mandays	I don't know
1.	Status update (on paper or any other durable medium available) including basic identification data, including company name and address, contractual obligations to conduct business, professional register, Complaints Procedures, shareholdings above 10%					
2.	Statement of clients' demands and needs and underlying reasons for any advice on a given insurance product					
3.	Additional (time) cost per contract for back-office processing (excluding IT systems costs)					

Comments:

Q.8 Impact on organisation of the extension of IMD to direct writers

For each of the below, please can you estimate the impact, (if any) of implementing the following changes.

<i>Please specify the once-off and recurring changes.</i>		Once-off costs in €	Once-off time in Mandays	Recurring costs in €	Recurring time in Mandays	I don't know
1.	IT Systems <i>Please estimate the costs for the capture and recording of additional data.</i>					
2.	Training <i>Please estimate the costs involved in training staff with the new regime</i>					
3.	Internal supervision <i>Please detail the increase in budget in order to conduct proper internal compliance supervision with the new regime</i>					
4.	Marketing Materials <i>Please estimate the cost involved in creating any new marketing materials or stationary (excluding sales time costs)</i>					
5.	Other <i>Please estimate the cost involved in any other area that you believe would be necessary, and explain below what these are.</i>					

Comments:

Q.9 Effect on Clients of the extension of IMD to direct writers

In your country, do you believe that the extension of IMD to direct writers would lead to:

Please tick the appropriate box	Significant Increase	Minor Increase	No Change	Minor Decrease	Significant Decrease	I don't know
Premiums charged to clients	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Level of insurance coverage of products (insurance products)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Return on investment (investment products)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand for products through direct sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Policyholder protection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quality of advice to investor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Client understanding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please explain the rationale for your answer:

Q.10 Effect of the extension of IMD to direct writers on Market Players

Do you believe that the extension of IMD to direct writers would ultimately lead to:

<i>Please tick the appropriate box</i>	Significant Increase	Minor Increase	No Change	Minor Decrease	Significant Decrease	I don't know
Competition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product range	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Barriers to entry for new undertakings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Profitability / Product Margins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Distribution costs (internal & external)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales Volume	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commission for intermediaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Regulatory Risk (e.g. mis-selling risk) ¹³¹	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Number of market players (including impact on SMEs)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please explain the rationale for your answer:

¹³¹ Regulatory risk in this instance refers to a salesperson or organisation failing to observe the regulatory requirements (e.g. minimum disclosures) during the course of a sales transaction, and thereby incurring fines, sanctions or legal action.

Q.11 Effect of the extension of IMD to direct writers on Distribution Channels

Do you believe that the extension of IMD to direct writers will have an impact on sales volumes through the following distribution channels:

Please tick the appropriate box	Significant Increase	Minor Increase	No Change	Minor Decrease	Significant Decrease	I don't know
Agent Distribution Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Broker Distribution Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bancassurance Distribution Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Direct Writing Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Distance Selling (web, direct mail, call centre) via the below channels:						
<i>Agent</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Broker</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Bancassurance</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Undertaking</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please specify if you think certain product ranges will be affected:

Section II

Impact of the introduction of an “on request regime” in relation to remuneration of insurance distributors

Transparency

Commission services regard an “on request” regime as a minimum harmonisation regime, maintaining the possibility for Member States to impose stricter requirements as the best possible solution to the improvement of the transparency of remuneration. Under the “on request” regime, the intermediary should be obliged to inform the customer of his or her right to request information about remuneration.

The Commission services advocate on-request disclosure for the sales of non-PRIPs insurance products. This should be combined with the requirement for direct writers to disclose, upon request, marketing, acquisition or other “comparable” costs related to the distribution of insurance products.

The Commission services have the view that a disclosure of remuneration could enable the customers to have a deeper understanding of the costs related to the services provided, in particular, with respect to those services that appear to be free of charge, while the intermediary is actually compensated by the insurance undertaking. Moreover, it would allow customers to evaluate the advice received, taking into account the economic advantage for the intermediary connected with the policy’s subscription.

A disclosure of remuneration may also increase competition among intermediaries and lead to lower levels of commission and premiums as a consequence.

Q.12 Do you keep data on the ratio of cancelled or surrendered contracts as a proportion of total contracts?

If yes, please detail below for the years 2006 to 2009 if available:

Q.13 Types of remuneration used within your network

	Broker	Agents	Direct	Banc-assurance	Other	I don't know
Commission on premium (initial and recurring)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Retrocessions based on assets under management (e.g. PRIPS)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Referral fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recurring commission on portfolio	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Benefits in Kind (e.g. premium reductions, travel, training, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Performance Bonus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stock Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commission on loss ratio	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commission per contract number (i.e. not related to contract value)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other – please describe below:

Q.14 Maximum value of premium(s) used for remuneration

What is maximum percentage value of a client's premium used as advance remuneration for salespersons in your distribution network? (e.g. 300% where the remuneration represents three months commission in advance). Please answer for LIFE products: _____%

Please also give the maximum recurring commission per premium thereafter: _____%

What is maximum percentage value of a client's premium used as advance remuneration for salespersons in your distribution network? (e.g. 300% where the remuneration represents three months commission in advance). Please answer for NON-LIFE products: _____%

Please also give the maximum recurring commission per premium thereafter: _____%

Please detail reasons for the use of high up-front remuneration

Q.15 Existing local legislation

Does the existing national legislation applicable to insurance sales in your country currently require a salesperson to reveal **their personal remuneration** if requested by the client, **and also the existence** of (but not amount or beneficiaries) other remuneration payable? Yes ☐ No ☐ I don't know ☐

If **yes**, please proceed directly to **Question 17** of the questionnaire regarding **Prior Experience**. If **no** or **I don't know** please continue to **Question 16**.

Q.16 Existing local legislation (continued)

Does the existing national legislation applicable to insurance sales in your country currently require a salesperson to reveal **the total cash amount of all remuneration paid** as a percentage of the premium? Yes ☐ No ☐ I don't know ☐

If **yes**, please proceed directly to **Question 17** of the questionnaire. If **no** or **I don't know** please continue to **Question 21 on Benefits of Remuneration Disclosure**

Q.17 Prior experience with disclosure of remuneration

If you have had prior experience disclosing remuneration, please estimate the impact of implementation:

<i>Please specify the once-off and recurring changes.</i>	Once-off costs in €	Once-off time in Mandays	Recurring costs in €	Recurring time in Mandays	I don't know
1. IT Systems <i>Please estimate the costs for the capture and recording of additional data.</i>					
2. Training <i>Please estimate the costs involved in training staff regarding the new regime.</i>					
3. Internal supervision <i>Please detail the increase in budget in order to conduct proper internal compliance supervision regarding the new regime.</i>					
4. Marketing Materials <i>Please estimate the cost involved in creating any new marketing materials or stationary (excluding sales time costs).</i>					
5. Other <i>Please estimate the cost involved in any other area that you believe would be necessary and explain below what these are.</i>					

Comments:

Q.18 Effect of disclosure of remuneration on Clients

Do you believe that the implementation of a remuneration disclosure regime led to:

<i>Please tick the appropriate box</i>	Significant Increase	Minor Increase	No Change	Minor Decrease	Significant Decrease	I don't know
Premiums charged to clients	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Level of insurance coverage of products (insurance products)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Return on investment (investment products)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand for products through direct sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Policyholder protection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quality of advice to investor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Client understanding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please explain the rationale for your answer:

Q.19 Effect of disclosure of remuneration on Market Players

Do you believe that the implementation of a disclosure remuneration regime led to:

<i>Please tick the appropriate box</i>	Significant Increase	Minor Increase	No Change	Minor Decrease	Significant Decrease	I don't know
Competition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product range	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Barriers to entry for new undertakings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Profitability / Product Margins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Distribution costs (internal & external)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales Volume	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commission for intermediaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Regulatory Risk (e.g. mis-selling risk) ¹³²	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Number of market players (including impact on SMEs)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please explain the rationale for your answer:

¹³² Regulatory risk in this instance refers to a salesperson or organisation failing to observe the regulatory requirements (e.g. minimum disclosures) during the course of a sales transaction, and thereby incurring fines, sanctions or legal action.

Q.20 Effect of disclosure of remuneration on Distribution Channels

Do you believe that the implementation of a remuneration disclosure regime had an impact on sales volumes in the following distribution channels:

Please tick the appropriate box	Significant Increase	Minor Increase	No Change	Minor Decrease	Significant Decrease	I don't know
Agent Distribution Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Broker Distribution Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bancassurance Distribution Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Direct Writing Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Distance Selling (web, direct mail, call centre) via the below channels:						
<i>Agent</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Broker</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Bancassurance</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Undertaking</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please specify if you think certain product ranges will be affected:

Q.21 Benefits of Remuneration disclosure

For each type of remuneration, please rank its disclosure as **benefit to the client** versus its **difficulty to implement**.

Scale is: 1 = None, 2 = Low, 3 = Medium, 4 = High, 5 = Very High

	Benefit to Client	Difficulty to implement	I don't know
Commission on premium			
Retrocessions based on assets under management (e.g. PRIPS)			
Referral fees			
Recurring commission on portfolio			
Benefits in Kind (e.g. premium reductions, travel, training, etc.)			
Performance Bonus			
Commission per number of contracts (i.e. not based on single contract value)			
Commission on loss ratio			
Other			

Other - please describe below

Q.22 Communication of Remuneration to Customer

If an 'on request' disclosure of remuneration regime were to become obligatory (or even if it is obligatory in your market), in what form should remuneration details be disclosed to clients, in your opinion?

Please tick **as many** as apply:

	Life(risk only)	Life with investment	Non-Life	I don't know
Single cash value per premium (even when this value is variable)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Single percentage representing total share of remuneration of ultimate value of product (or best estimate, even when this value is variable)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Single percentage per premium	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insurer's Internal distribution cost (percentage or cash value)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insurer's External distribution cost (percentage or cash value)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Average remuneration by contract over previous three years, to include Benefit-in-Kind, bonuses, holidays etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commission per number of contracts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other - please describe below

Q.23 Chain of Intermediaries

Does the insurance market in your member state have a deep chain of intermediaries (i.e. many individuals or entities are applying commission prior to the product being received by the customer such as master brokers, brokers, sub-agents etc.)

Yes ☐ No ☐ I don't know ☐

If yes, please describe the nature of the chain below:

Q.24 Remuneration scenario 1

NOTE: Please understand the scenario in isolation, and as completely replacing any remuneration disclosure regime.

Due to a new law, your salespeople should present the customer with the following information on request:

- a) The salesperson's own remuneration from the contract, and*
- b) The total cash amount of all the remunerations paid throughout the chain of other intermediaries, as a percentage of the premium paid by the customer.*
- c) The sales person must give the information in a durable format*

Q.25 Impact of Remuneration Scenario 1 on organisation

Assuming Scenario 1 has now entered force, please detail the changes required to comply:

<i>Please specify the once-off and recurring changes.</i>	Once-off costs in €	Once-off time in Mandays	Recurring costs in €	Recurring time in Mandays	I don't know
1. IT Systems <i>Please estimate the costs for the capture and recording of additional data.</i>					
2. Training <i>Please estimate the costs involved in training staff regarding the new regime.</i>					
3. Internal supervision <i>Please detail the increase in budget in order to conduct proper internal compliance supervision regarding the new regime.</i>					
4. Marketing Materials <i>Please estimate the cost involved in creating any new marketing materials or stationary (excluding sales time costs).</i>					
5. Other <i>Please estimate the cost involved in any other area that you believe would be necessary and explain below what these are.</i>					

Comments:

Q.26 Effect of Remuneration Scenario 1 on Clients

Do you believe that requirements of Scenario 1 within the insurance industry would lead to the following:

<i>Please tick the appropriate box</i>	Significant Increase	Minor Increase	No Change	Minor Decrease	Significant Decrease	I don't know
Premiums charged to clients	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Level of insurance coverage of products (insurance products)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Return on investment (investment products)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand for products through direct sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Policyholder protection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quality of advice to investor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Client understanding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please explain the rationale for your answer:

Q.27 Effect of Remuneration Scenario 1 on Market Players

Do you believe that requirements of Scenario 1 within the insurance industry would lead to the following:

<i>Please tick the appropriate box</i>	Significant Increase	Minor Increase	No Change	Minor Decrease	Significant Decrease	I don't know
Competition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product range	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Barriers to entry for new undertakings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Profitability / Product Margins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Distribution costs (internal & external)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales Volume	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commission for intermediaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Regulatory Risk (e.g. mis-selling risk) ¹³³	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Number of market players (including impact on SMEs)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please explain the rationale for your answer:

¹³³ Regulatory risk in this instance refers to a salesperson or organisation failing to observe the regulatory requirements (e.g. minimum disclosures) during the course of a sales transaction, and thereby incurring fines, sanctions or legal action.

Q.28 Effect of Remuneration Scenario 1 on Distribution Channels

Do you believe that requirements of Scenario 1 within the insurance industry would lead to the following:

Please tick the appropriate box	Significant Increase	Minor Increase	No Change	Minor Decrease	Significant Decrease	I don't know
Agent Distribution Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Broker Distribution Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bancassurance Distribution Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Direct Writing Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Distance Selling (web, direct mail, call centre) via the below channels:						
<i>Agent</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Broker</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Bancassurance</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Undertaking</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please specify if you think certain product ranges will be affected:

Section III

Impact of the introduction of higher level of conflicts of interest rules for insurance distributors

Conflicts of Interests

The Commission services recommend that the high level principles concerning conflicts of interests and transparency should apply in principle to both insurance intermediaries and insurance undertakings. Of course, requirements strictly related to the activity of insurance intermediaries should only be applicable to them.

In relation to conflicts of interests' rules, the Commission services recommend that the MiFID Level 1 regime could be regarded as an orientation point for the management of conflicts of interest.¹³⁴ However, it should be recognized that the MiFID provisions on conflicts of interest, in particular the Level 2 Directive¹³⁵, cannot be used to regulate the insurance market; therefore the MiFID provisions will have to be adapted to meet the requirements of the insurance sector.

Q.29 Existing local legislation

Does existing local legislation require you to conform to a disclosure of Conflicts of Interest greater than IMD Yes ☐ No ☐ I don't know ☐

If **yes**, please proceed directly to **Question 30 regarding Prior Experience**

If **no** or **I don't know** please continue to **Question 34 on Significance of Specific Conflicts of Interest**

¹³⁴ The MiFID deals with conflicts of interest in article 18 of the principal MiFID Directive and articles 21 and 22 of the MiFID Implementing Directive. The sophisticated MiFID regime for the identification, management and disclosure of conflicts of interest provides undertakings with some flexibility to determine the appropriate approach for their business, depending on its nature, size and complexity. However, these rules will have to be adapted to meet the requirements of the insurance intermediation business where natural persons operate.

¹³⁵ Commission Directive 2006/73/EC of 10 August 2006 implementing Directive 2004/39/EC of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive.

Q.30 Prior experience with Conflicts of Interest Disclosure

If you have had prior experience implementing a conflict of interest disclosure regime that was more extensive than the Insurance Mediation Directive please describe it below:

a) Conflicts of Interest Disclosure regime

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Please detail the implementation below, including time and cost impact:

<i>Please specify the once-off and recurring changes.</i>	Once-off costs in €	Once-off time in Mandays	Recurring costs in €	Recurring time in Mandays	I don't know
1. IT Systems <i>Please estimate the costs for the capture and recording of additional data.</i>					
2. Training <i>Please estimate the costs involved in training staff regarding the new regime.</i>					
3. Internal supervision <i>Please detail the increase in budget in order to conduct proper internal compliance supervision regarding the new regime.</i>					
4. Marketing Materials <i>Please estimate the cost involved in creating any new marketing materials or stationary (excluding sales time costs).</i>					
5. Other <i>Please estimate the cost involved in any other area that you believe would be necessary and explain below what these are.</i>					

Comments:

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Q.31 Effect of Conflict of Interest Disclosure on Clients

Did the implementation of the conflict of interest disclosure regime lead to:

<i>Please tick the appropriate box</i>	Significant Increase	Minor Increase	No Change	Minor Decrease	Significant Decrease	I don't know
Premiums charged to clients	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Level of insurance coverage of products (insurance products)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Return on investment (investment products)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand for products through direct sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Policyholder protection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quality of advice to investor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Client understanding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please explain the rationale for your answer:

Q.32 Effect of Conflict of Interest Disclosure on Market Players

Do you believe that the Conflict of Interest Disclosure regime led to:

<i>Please tick the appropriate box</i>	Significant Increase	Minor Increase	No Change	Minor Decrease	Significant Decrease	I don't know
Competition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product range	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Barriers to entry for new undertakings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Profitability / Product Margins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Distribution costs (internal & external)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales Volume	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commission for intermediaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Regulatory Risk (e.g. mis-selling risk) ¹³⁶	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Number of market players (including impact on SMEs)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please explain the rationale for your answer:

¹³⁶ Regulatory risk in this instance refers to a salesperson or organisation failing to observe the regulatory requirements (e.g. minimum disclosures) during the course of a sales transaction, and thereby incurring fines, sanctions or legal action.

Q.33 Effect of Conflict of Interest Disclosure on Distribution Channels

Do you believe that the Conflict of Interest Disclosure regime led to:

Please tick the appropriate box	Significant Increase	Minor Increase	No Change	Minor Decrease	Significant Decrease	I don't know
Agent Distribution Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Broker Distribution Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bancassurance Distribution Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Direct Writing Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Distance Selling (web, direct mail, call centre) via the below channels:						
<i>Agent</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Broker</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Bancassurance</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Undertaking</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please specify if you think certain product ranges will be affected:

Q.34 Significance of specific Conflicts of Interest

For each distribution channel, please rank the significance (out of 5) of the following Conflicts of Interest.

Scale is: 1 = None, 2 = Low, 3 = Medium, 4 = High, 5 = Very High

	Broker	Agents	Direct	Banc-assurance	Other
Potential conflict of interest due to intermediary's relationship with insurance undertaking (e.g. training of intermediaries, larger portfolio with one group, additional or undisclosed commissions etc.)	—	—	—	—	—
Incompatible roles (e.g. intermediaries handling claims, agents who are also brokers)	—	—	—	—	—
Marketing or selling insurance products in association with the supply of other products or services (e.g. credit insurance offered by a bank associated to a loan, car insurance offered by dealers, etc.)	—	—	—	—	—
Incentive payments to intermediaries to shift portfolios to other insurance undertakings	—	—	—	—	—

Other - please describe below

Q.35 *Disclosure Benefits and Constraints*

For each Conflict of Interest, please rank its disclosure as **benefit to the client** versus its **difficulty to implement**.

Scale is: 1 = None, 2 = Low, 3 = Medium, 4 = High, 5 = Very High

	Benefits to Client	Difficulty to Implement
Potential conflict of interest due to intermediaries relationship with insurance undertaking (e.g. training of intermediaries, larger portfolio with one group, undisclosed shareholdings etc.)	—	—
Incompatible roles (e.g. intermediaries handling claims, agents who are also brokers)	—	—
Marketing or selling insurance products in association with the supply of other products or services (e.g. credit insurance offered by a bank associated to a loan)	—	—
Additional and/or undisclosed commissions	—	—
Incentive payments to intermediaries to shift portfolios to other insurance undertakings	—	—

Other - please describe below

Q.36 Additional Conflict of Interest Measures

For each Conflict of Interest measure, please rank the **benefit to the client** versus the **difficulty to implement**.

Scale is: 1 = None, 2 = Low, 3 = Medium, 4 = High, 5 = Very High

	Benefit to Client	Difficulty to Implement
Instigating a general “duty of care” principle i.e. acting honestly, professionally and in client’s best interest	—	—
Identifying all conflicts of interest and publishing these	—	—
Separating intermediaries from incompatible roles	—	—
Create and maintaining a register of conflicts of interest and monitoring the conflicts	—	—
Categorising clients according to risk profile and sophistication and restricting products to categories	—	—
Level of dependency with an insurance undertaking based on defined threshold (e.g. 25% or greater)	—	—
Commission based on multiple combination of products	—	—

Other - please describe below

Q.37 Conflict of Interest Scenario 1.

Please read the scenario below and consider it as a new regime and then respond to the following questions:

Due to a new regulation, receiving commission on the sale of an insurance product is now illegal. All intermediaries who wish to sell insurance products must now do so as financial advisers who charge flat rate fees for advisory services.

NOTE: Please understand the scenario in isolation and as completely replacing any Conflict of Interest regime.

Q.38 Impact of Conflict of Interest Scenario 1 on organisation

Assuming Scenario 1 has now entered force, please detail the changes required to comply:

<i>Please specify the once-off and recurring changes.</i>	Once-off costs in €	Once-off time in Mandays	Recurring costs in €	Recurring time in Mandays	I don't know
1. IT Systems <i>Please estimate the costs for the capture and recording of additional data.</i>					
2. Training <i>Please estimate the costs involved in training staff regarding the new regime.</i>					
3. Internal supervision <i>Please detail the increase in budget in order to conduct proper internal compliance supervision regarding the new regime.</i>					
4. Marketing Materials <i>Please estimate the cost involved in creating any new marketing materials or stationary (excluding sales time costs).</i>					
5. Other <i>Please estimate the cost involved in any other area that you believe would be necessary and explain below what these are.</i>					

Comments:

Q.39 Effect of Conflict of Interest Scenario 1 on Clients

Do you believe that requirements of Scenario 1 within the insurance industry would lead to the following

<i>Please tick the appropriate box</i>	Significant Increase	Minor Increase	No Change	Minor Decrease	Significant Decrease	I don't know
Premiums charged to clients	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Level of insurance coverage of products (insurance products)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Return on investment (investment products)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand for products through direct sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Policyholder protection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quality of advice to investor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Client understanding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please explain the rationale for your answer:

Q.40 Effect of Conflict of Interest Scenario 1 on Market Players

Do you believe that the requirements of Scenario 1 would lead to:

<i>Please tick the appropriate box</i>	Significant Increase	Minor Increase	No Change	Minor Decrease	Significant Decrease	I don't know
Competition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product range	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Barriers to entry for new undertakings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Profitability / Product Margins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Distribution costs (internal & external)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales Volume	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Remuneration of intermediaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Regulatory Risk (e.g. mis-selling risk) ¹³⁷	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Number of market players (including impact on SMEs)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please explain the rationale for your answer:

¹³⁷ Regulatory risk in this instance refers to a salesperson or organisation failing to observe the regulatory requirements (e.g. minimum disclosures) during the course of a sales transaction, and thereby incurring fines, sanctions or legal action.

Q.41 Effect of Conflict of Interest Scenario 1 on Distribution Channels

Do you believe that requirements of Scenario 1 within the insurance industry would lead to the following:

Please tick the appropriate box	Significant Increase	Minor Increase	No Change	Minor Decrease	Significant Decrease	I don't know
Agent Distribution Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Broker Distribution Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bancassurance Distribution Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Direct Writing Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Distance Selling (web, direct mail, call centre) via the below channels:						
<i>Agent</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Broker</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Bancassurance</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Undertaking</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please specify if you think certain product ranges will be affected:

Q.42 Conflict of interest Scenario 2

Please read the scenario below and consider it as a new regime and then respond to the following questions:

Due to a new law, all intermediaries are required to disclose to a client prior to the conclusion of a contract:

- a) To disclose all identified conflicts of interest to the client*
- b) Whether they are deriving more than 25% of their profits from insurance products from any specific insurance undertaking or broker, and the name of the undertaking or broker*

NOTE: Please understand the scenario in isolation and as completely replacing any Conflict of Interest regime.

It should also not be seen as cumulative with scenario 1, which should be ignored.

Q.43 Impact of Conflict of Interest Scenario 2 on organisation

Assuming Scenario 2 has now entered force, please detail the changes required to comply:

Please specify the once-off and recurring changes.		Once-off costs in €	Once-off time in Mandays	Recurring costs in €	Recurring time in Mandays	I don't know
1.	IT Systems <i>Please estimate the costs for the capture and recording of additional data.</i>					
2.	Training <i>Please estimate the costs involved in training staff regarding the new regime.</i>					
3.	Internal supervision <i>Please detail the increase in budget in order to conduct proper internal compliance supervision regarding the new regime.</i>					
4.	Marketing Materials <i>Please estimate the cost involved in creating any new marketing materials or stationary (excluding sales time costs).</i>					
5.	Other <i>Please estimate the cost involved in any other area that you believe would be necessary and explain below what these are.</i>					

Comments:

Q.44 Effect of Conflict of Interest Scenario 2 on Clients

Do you believe that requirements of Scenario 2 within the insurance industry would lead to the following:

<i>Please tick the appropriate box</i>	Significant Increase	Minor Increase	No Change	Minor Decrease	Significant Decrease	I don't know
Premiums charged to clients	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Level of insurance coverage of products (insurance products)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Return on investment (investment products)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand for products through direct sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Policyholder protection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quality of advice to investor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Client understanding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please explain the rationale for your answer:

Q.45 Effect of Conflict of Interest Scenario 2 on Market Players

Do you believe that the requirements of Scenario 2 would lead to:

<i>Please tick the appropriate box</i>	Significant Increase	Minor Increase	No Change	Minor Decrease	Significant Decrease	I don't know
Competition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product range	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Barriers to entry for new undertakings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Profitability / Product Margins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Distribution costs (internal & external)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales Volume	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commission for intermediaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Regulatory Risk (e.g. mis-selling risk) ¹³⁸	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Number of market players (including impact on SMEs)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please explain the rationale for your answer:

¹³⁸ Regulatory risk in this instance refers to a salesperson or organisation failing to observe the regulatory requirements (e.g. minimum disclosures) during the course of a sales transaction, and thereby incurring fines, sanctions or legal action.

Q.46 Effect of Conflict of Interest Scenario 2 on Distribution Channels

Do you believe that requirements of Scenario 2 within the insurance industry would lead to the following:

Please tick the appropriate box	Significant Increase	Minor Increase	No Change	Minor Decrease	Significant Decrease	I don't know
Agent Distribution Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Broker Distribution Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bancassurance Distribution Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Direct Writing Channel (excluding distance selling)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Distance Selling (web, direct mail, call centre) via the below channels:						
<i>Agent</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Broker</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Bancassurance</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Undertaking</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please specify if you think certain product ranges will be affected:

Section IV

Additional questions

Q.47 Should disclosure on remuneration and conflicts of interest be limited to specific categories of product?

Q.48 Should disclosure on remuneration and conflicts of interest be limited to specific categories of client?

Q.49 Should disclosure on remuneration and conflicts of interest be increased for insurance PRIPs?

Appendix 2: Data Tables

EU (27)

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	11,786,740	12,493,131	12,396,457	11,699,115
Population (thousands)	494,264	496,476	498,614	500,560

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	-	-
No 2	-	-
No 3	-	-
No 4	-	-
No 5	-	-

Intermediaries	
Total number of agents	
Total number of sub-agents	
Total number of brokers	

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	1,046,492	1,126,749	1,001,171	996,498
Total premiums by distribution channels (%) (i)	100%	100%	100%	-
Direct writers	19.18%	20.22%	23.61%	-
Agents	33.64%	30.95%	31.25%	-
Brokers	21.25%	20.24%	19.36%	-
Bancassurance	23.63%	26.43%	23.58%	-
Other	2.29%	2.17%	2.20%	-
Number of employees in insurance companies (ii)	910,403	914,884	917,618	-
of which sales force	-	-	-	-
Total number of undertakings (includes Reinsurance) (iv)	3,847	4,165	4,968	4,148
National	3,396	3,646	4,323	3,529
Branches of third (non- EU/EEA) countries	66	60	57	58
Branches of EU/EEA countries	385	459	588	561
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	662,383	734,497	610,291	613,981
Total premiums by distribution channels (%) (iii)	100%	100%	100%	-
Direct writers	14.26%	15.07%	20.07%	-
Agents	28.54%	25.78%	25.41%	-
Brokers	17.86%	17.50%	18.18%	-
Bancassurance	35.70%	38.47%	33.05%	-
Other	3.64%	3.18%	3.28%	-
Total number of undertakings (iv)	970	1,029	1,044	1,015
National iv)	880	921	913	888
Branches of third (non- EU/EEA) countries (iv)	10	11	10	9
Branches of EU/EEA countries iv)	80	97	121	118
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5) (v)	67.90%	62.54%	70.09%	68.32%
Market share of first 10 largest insurance undertakings (CR10) (v)	71.26%	83.68%	77.91%	79.43%
Contracts (% of primary life premiums)	100%	100%	100%	100%
Individual contracts (vi)	78.63%	74.06%	69.45%	70.26%
Group contracts (vi)	21.36%	25.94%	30.54%	29.74%
Total recorded Contracts (number) (thousands) (vii)	478,795	346,791	328,799	354,844
Individual contracts (number) (thousands) (viii)	376,500	256,835	228,354	249,298
Group contracts (number) (thousands) (viii)	102,290	89,956	100,423	105,546
Primary contracts (ix)	91.43%	91.11%	90.20%	90.95%
Ancillary contracts (ix)	8.40%	8.72%	9.53%	8.78%

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	407,970	416,312	417,473	382,516
Total premiums by distribution channels (%) (x)	100%	100%	100%	-
Direct writers	26.77%	26.19%	27.48%	-
Agents	37.29%	38.20%	38.91%	-
Brokers	29.51%	28.42%	26.91%	-
Bancassurance	4.27%	5.00%	4.71%	-
Other	2.16%	2.17%	1.99%	-
Total number of undertakings (iv)	2,221	2,316	2,877	2,308
National	1,884	1,933	2,411	1,865
Branches of third (non- EU/EEA) countries	49	42	41	43
Branches of EU/EEA countries	288	341	425	400
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5) (v)	60.89%	59.12%	58.86%	62.76%
Market share of first 10 largest insurance undertakings (CR10) (v)	76.29%	78.00%	75.50%	80.10%

Composite	2006	2007	2008	2009
Total number of undertakings	254	308	536	307
National	239	287	502	273
Branches of third (non- EU/EEA) countries	4	6	6	6
Branches of EU/EEA countries	11	15	28	28

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	8.88%	9.02%	8.08%	8.52%
Life premium to GDP ratio	5.62%	5.88%	4.92%	5.25%
Non-life premiums to GDP ratio	3.46%	3.33%	3.37%	3.27%
Number of life contract to total population ratio	96.87%	69.85%	65.94%	70.89%
Average total premiums per capita	€2,117	€2,269	€2,008	€1,991
Average life premium per capita	€1,340	€1,479	€1,224	€1,227
Average non-life premium per capita	€825	€839	€837	€764
Life premium to total premiums ratio	63.30%	65.19%	60.96%	61.61%
Unit-linked contract to total life contracts ratio (xi)	17.69%	15.60%	16.07%	16.07%

Complaints (per year)	2006	2007	2008	2009
Total	-	-	-	-

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	7.67%	-11.15%	-0.47%	-4.33%
Growth total life premium	10.89%	-16.91%	0.60%	-7.86%
Growth total non-life premium	2.04%	0.28%	-8.37%	2.33%
Growth total complaints	-	-	-	-
Growth direct writers (xii)				23.10%
Growth agents (xii)				-7.11%
Growth brokers (xii)				-8.92%
Growth bancassurance (xiii)				-0.19%
Growth other (xiii)				-4.19%

Key Trends over four year period	2006/2009
Growth total premium	-4.78%
Growth total life premium	-7.31%
Growth total non-life premium	-6.24%
Growth total complaints	-

Austria

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	256,951	272,010	283,085	274,321
Population (thousands)	8,269	8,301	8,337	8,372

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	VIG	UNIQA
No 2	UNIQA	VIG
No 3	Generali	Generali
No 4	Allianz Elementar	Allianz Elementar
No 5	GRAWE	GRAWE

Intermediaries	
Total number of agents	
Total number of sub-agents	
Total number of brokers	

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	15,589	15,874	16,214	16,420
Total premiums by distribution channels (%)	100%	100%	100%	-
Direct writers	27.43%	25.85%	25.94%	-
Agents	7.38%	8.10%	9.23%	-
Brokers	23.09%	22.54%	24.04%	-
Bancassurance	36.45%	38.34%	36.71%	-
Other	5.65%	5.17%	4.08%	-
Number of employees in insurance companies	26,292	26,667	26,547	-
of which sales force	-	-	-	-
Total number of undertakings	77	77	74	74
National	52	50	50	50
Branches of third (non- EU/EEA) countries	2	2	2	2
Branches of EU/EEA countries	23	25	22	22
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	7,183	7,206	7,362	7,416
Total premiums by distribution channels (%)	100%	100%	100%	-
Direct writers	21.70%	20.31%	20.28%	-
Agents	4.70%	5.48%	7.83%	-
Brokers	17.51%	15.60%	17.46%	-
Bancassurance	50.79%	53.94%	51.72%	-
Other	5.30%	4.67%	2.71%	-
Total number of undertakings	9	7	7	7
National	5	3	3	3
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	4	4	4	4
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	53.00%	52.00%	52.00%	-
Market share of first 10 largest insurance undertakings (CR10)	77.00%	79.00%	79.00%	-
Contracts (% of primary life premiums)	100%	100%	100%	100%
Individual contracts	96.03%	94.57%	95.19%	95.83%
Group contracts	3.94%	5.43%	4.81%	4.17%
Contracts (number)	10,796	10,175	10,547	10,361
Individual contracts (number)	10,367	9,622	10,040	9,929
Group contracts (number)	425	552	507	432
Primary contracts	100.00%	100.00%	100.00%	100.00%
Ancillary contracts	0.00%	0.00%	0.00%	0.00%

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	8,406	8,668	8,852	9,004
Total premiums by distribution channels (%)	100%	100%	100%	-
Direct writers	40.10%	37.83%	37.75%	-
Agents	13.29%	13.79%	12.16%	-
Brokers	35.42%	37.56%	37.75%	-
Bancassurance	4.75%	4.55%	5.38%	-
Other	6.44%	6.27%	6.96%	-
Total number of undertakings	36	38	35	35
National	16	16	16	16
Branches of third (non- EU/EEA) countries	2	2	2	2
Branches of EU/EEA countries	18	20	17	17
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	55.00%	57.00%	54.00%	-
Market share of first 10 largest insurance undertakings (CR10)	79.00%	79.00%	78.00%	-

Composite	2006	2007	2008	2009
Total number of undertakings	28	28	28	28
National	28	28	28	28
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	0	0	0

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	6.07%	5.84%	5.73%	5.99%
Life premium to GDP ratio	2.80%	2.65%	2.60%	2.70%
Non-life premiums to GDP ratio	3.27%	3.19%	3.13%	3.28%
Number of life contract to total population ratio	130.56%	122.57%	126.51%	123.75%
Average total premiums per capita	€1,885	€1,912	€1,945	€1,961
Average life premium per capita	€869	€868	€883	€886
Average non-life premium per capita	€1,017	€1,044	€1,062	€1,075
Life premium to total premiums ratio	46.08%	45.39%	45.41%	45.16%
Unit-linked contract to total life contracts ratio	-	-	-	-
Life contract to total population ratio	130.56%	122.57%	126.51%	123.75%

Complaints (per year)	2006	2007	2008	2009
Total	4,500	4,500	7,400	9,300

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	1.83%	2.14%	1.27%	4.01%
Growth total life premium	0.32%	2.16%	0.73%	2.49%
Growth total non-life premium	3.12%	2.12%	1.72%	5.31%
Growth total complaints	0.00%	64.44%	25.68%	64.44%
Growth direct writers				-5.43%
Growth agents				25.07%
Growth brokers				4.11%
Growth bancassurance				0.71%
Growth other				-27.79%

Key Trends over four year period	2006/2009
Growth total premium	5.33%
Growth total life premium	3.24%
Growth total non-life premium	7.11%
Growth total complaints	106.67%

Belgium

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	318,150	335,085	345,006	339,162
Population (thousands)	10,548	10,626	10,690	10,753

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	AG Insurance (Fortis)	AXA
No 2	KBC	AG Insurance (Fortis)
No 3	AXA	Ethias
No 4	Ethias	KBC
No 5	DEXIA	P&V

Intermediaries	
Total number of agents	3867
Total number of sub-agents	5423
Total number of brokers	8463

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	29,489	31,193	29,279	28,386
Total premiums by distribution channels (%)	100%	100%	100%	100.00%
Direct writers	20.22%	19.75%	19.60%	19.40%
Agents	6.01%	6.00%	6.63%	7.10%
Brokers	41.82%	42.40%	43.01%	43.20%
Bancassurance	31.41%	31.43%	30.20%	29.70%
Other	0.53%	0.42%	0.57%	0.60%
Number of employees in insurance companies	23,752	24,048	24,300	23,964
of which sales force	-	-	-	-
Total number of undertakings	164	156	149	148
National	107	106	100	97
Branches of third (non- EU/EEA) countries	2	0	0	0
Branches of EU/EEA countries	55	50	49	51
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	20,382	21,658	19,352	18,328
Total premiums by distribution channels (%)	100%	100%	100%	100%
Direct writers	20.72%	19.66%	19.25%	19.00%
Agents	4.12%	4.14%	4.67%	5.20%
Brokers	32.04%	33.38%	33.34%	33.00%
Bancassurance	43.05%	42.75%	42.36%	42.40%
Other	0.07%	0.07%	0.39%	0.40%
Total number of undertakings	29	30	30	29
National	23	24	22	21
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	6	6	8	8
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	74.78%	74.39%	73.10%	-
Market share of first 10 largest insurance undertakings (CR10)	89.52%	87.93%	88.51%	-
Contracts (% of primary life premiums)	100%	100%	100%	100%
Individual contracts	81.11%	80.64%	76.82%	74.17%
Group contracts	18.89%	19.36%	23.18%	25.83%
Contracts (number)	-	-	-	-
Individual contracts (number)	-	-	-	-
Group contracts (number)	-	-	-	-
Primary contracts	-	-	-	-
Ancillary contracts	-	-	-	-

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	9,107	9,535	9,927	10,058
Total premiums by distribution channels (%)	100%	100%	100%	100%
Direct writers	19.15%	19.97%	20.30%	20.20%
Agents	10.17%	10.14%	10.48%	10.60%
Brokers	63.30%	62.59%	61.98%	61.50%
Bancassurance	5.85%	6.10%	6.32%	6.90%
Other	1.54%	1.20%	0.91%	0.80%
Total number of undertakings	112	103	97	95
National	62	60	57	54
Branches of third (non- EU/EEA) countries	2	0	0	0
Branches of EU/EEA countries	48	43	40	41
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	54.45%	54.92%	61.48%	-
Market share of first 10 largest insurance undertakings (CR10)	72.72%	73.19%	77.99%	-

Composite	2006	2007	2008	2009
Total number of undertakings	23	23	22	23
National	22	22	21	21
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	1	1	1	2

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	9.27%	9.31%	8.49%	8.37%
Life premium to GDP ratio	6.41%	6.46%	5.61%	5.40%
Non-life premiums to GDP ratio	2.86%	2.85%	2.88%	2.97%
Number of life contract to total population ratio	-	-	-	-
Average total premiums per capita	€2,796	€2,936	€2,739	€2,640
Average life premium per capita	€1,932	€2,038	€1,810	€1,704
Average non-life premium per capita	€863	€897	€929	€935
Life premium to total premiums ratio	69.12%	69.43%	66.10%	64.57%
Unit-linked contract to total life contracts ratio	-	-	-	-
Life contract to total population ratio	-	-	-	-

Complaints (per year)	2006	2007	2008	2009
Total	2,543	3,392	3,600	3,464

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	5.78%	-6.14%	-3.05%	-0.71%
Growth total life premium	6.26%	-10.65%	-5.29%	-5.05%
Growth total non-life premium	4.70%	4.11%	1.32%	9.00%
Growth total complaints	33.39%	6.13%	-3.78%	41.57%
Growth direct writers				-3.07%
Growth agents				10.18%
Growth brokers				2.84%
Growth bancassurance				-3.88%
Growth other				6.86%

Key Trends over four year period	2006/2009
Growth total premium	-3.74%
Growth total life premium	-10.08%
Growth total non-life premium	10.44%
Growth total complaints	36.22%

Bulgaria

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	26,477	30,772	35,431	35,043
Population (thousands)	7,699	7,660	7,623	7,585

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	ALLIANZ	VIENNA INSURANCE
No 2	DZI	Allianz Bulgaria Holding Group
No 3	UNIQA	DZI
No 4	AIG	LEV INS
No 5	VIENNA INSURANCE	Armeez

Intermediaries	
Total number of agents	53622
Total number of sub-agents	
Total number of brokers	316

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	643	772	915	850
Total premiums by distribution channels (%)	100%	100%	100%	-
Direct writers	27.20%	27.40%	21.40%	-
Agents	45.49%	42.00%	41.20%	-
Brokers	27.31%	30.60%	37.40%	-
Bancassurance	0.00%	0.00%	0.00%	-
Other	0.00%	0.00%	0.00%	-
Number of employees in insurance companies	-	-	-	-
of which sales force	-	-	-	-
Total number of undertakings	36	40	46	47
National	32	36	38	38
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	4	4	8	9
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	95	128	142	115
Total premiums by distribution channels (%)	100%	100%	100%	-
Direct writers	17.44%	22.10%	35.10%	-
Agents	62.78%	55.90%	36.10%	-
Brokers	19.78%	22.00%	28.80%	-
Bancassurance	0.00%	0.00%	0.00%	-
Other	0.00%	0.00%	0.00%	-
Total number of undertakings	15	19	20	20
National	13	17	17	17
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	2	2	3	3
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	80.53%	74.69%	71.76%	-
Market share of first 10 largest insurance undertakings (CR10)	99.23%	96.97%	94.69%	-
Contracts (% of primary life premiums)	-	100%	100%	100%
Individual contracts	-	66.94%	63.49%	68.55%
Group contracts	-	33.06%	36.51%	31.45%
Contracts (number)	-	1,249	1,482	1,270
Individual contracts (number)	-	836	941	871
Group contracts (number)	-	413	541	400
Primary contracts	-	81.03%	89.06%	87.27%

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	548	644	773	735
Total premiums by distribution channels (%)	100%	100%	100%	-
Direct writers	28.98%	28.50%	22.90%	-
Agents	42.33%	39.20%	37.40%	-
Brokers	28.69%	32.30%	39.70%	-
Bancassurance	0.00%	0.00%	0.00%	-
Other	0.00%	0.00%	0.00%	-
Total number of undertakings	21	21	25	26
National	19	19	20	20
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	2	2	5	6
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	62.99%	60.00%	58.83%	-
Market share of first 10 largest insurance undertakings (CR10)	89.76%	88.57%	87.80%	-

Composite	2006	2007	2008	2009
Total number of undertakings	0	0	0	0
National	0	0	0	0
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	0	0	0

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	2.43%	2.51%	2.58%	2.43%
Life premium to GDP ratio	0.36%	0.42%	0.40%	0.33%
Non-life premiums to GDP ratio	2.07%	2.09%	2.18%	2.10%
Number of life contract to total population ratio	-	16.30%	19.44%	16.75%
Average total premiums per capita	€84	€101	€120	€112
Average life premium per capita	€12	€17	€19	€15
Average non-life premium per capita	€71	€84	€101	€97
Life premium to total premiums ratio	14.79%	16.59%	15.52%	13.53%
Unit-linked contract to total life contracts ratio	-	2.52%	2.05%	2.05%
Life contract to total population ratio	-	16.30%	19.44%	16.75%

Complaints (per year)	2006	2007	2008	2009
Total	565	460	814	943

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	19.99%	18.53%	-7.08%	42.23%
Growth total life premium	34.62%	10.92%	-19.02%	49.32%
Growth total non-life premium	17.45%	20.05%	-4.88%	41.00%
Growth total complaints	-18.58%	76.96%	15.85%	44.07%
Growth direct writers				-21.32%
Growth agents				-9.42%
Growth brokers				36.92%
Growth bancassurance				-
Growth other				-

Key Trends over four year period	2006/2009
Growth total premium	32.16%
Growth total life premium	20.92%
Growth total non-life premium	34.11%
Growth total complaints	66.90%

Cyprus

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	14,673	15,951	17,287	16,946
Population (thousands)	773	784	793	806

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	Eurolife	Laiki Insurance
No 2	Laiki Cyprialife	General Insurance
No 3	Universal Life	Pancyprrian
No 4	American Life	Cosmos
No 5	Interlife	Atlantic

Intermediaries	
Total number of agents	
Total number of sub-agents	
Total number of brokers	

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	628	701	760	797
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Number of employees in insurance companies	1,749	1,767	1,854	-
of which sales force	-	-	-	-
Total number of undertakings	35	36	33	34
National	29	29	28	28
Branches of third (non- EU/EEA) countries	2	2	2	2
Branches of EU/EEA countries	4	5	3	4
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	289	323	341	353
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Total number of undertakings	9	9	7	7
National	7	7	6	6
Branches of third (non- EU/EEA) countries	1	1	1	1
Branches of EU/EEA countries	1	1	0	0
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	96.00%	94.00%	95.00%	-
Market share of first 10 largest insurance undertakings (CR10)	100.00%	100.00%	100.00%	-
Contracts (% of primary life premiums)	100%	-	-	-
Individual contracts	88.76%	-	-	-
Group contracts	11.24%	-	-	-
Contracts (number)	607	-	-	-
Individual contracts (number)	539	-	-	-
Group contracts (number)	68	-	-	-
Primary contracts	100.00%	-	-	-
Ancillary contracts	0.00%	-	-	-

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	339	378	419	444
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Total number of undertakings	21	22	20	21
National	17	17	17	17
Branches of third (non- EU/EEA) countries	1	1	1	1
Branches of EU/EEA countries	3	4	2	3
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	66.00%	66.00%	64.00%	-
Market share of first 10 largest insurance undertakings (CR10)	87.00%	88.00%	87.00%	-

Composite	2006	2007	2008	2009
Total number of undertakings	3	3	4	4
National	3	3	3	3
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	0	1	1

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	4.28%	4.39%	4.40%	4.70%
Life premium to GDP ratio	1.97%	2.02%	1.97%	2.08%
Non-life premiums to GDP ratio	2.31%	2.37%	2.42%	2.62%
Number of life contract to total population ratio	78.54%	-	-	-
Average total premiums per capita	€812	€894	€959	€989
Average life premium per capita	€374	€412	€430	€438
Average non-life premium per capita	€439	€482	€528	€551
Life premium to total premiums ratio	46.02%	46.05%	44.88%	44.29%
Unit-linked contract to total life contracts ratio	33.04%	-	-	-
Life contract to total population ratio	78.54%	-	-	-

Complaints (per year)	2006	2007	2008	2009
Total	-	-	-	-

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	11.57%	8.50%	4.84%	21.05%
Growth total life premium	11.65%	5.74%	3.46%	18.06%
Growth total non-life premium	11.50%	10.85%	5.97%	23.60%
Growth total complaints	-	-	-	-
Growth direct writers				-
Growth agents				-
Growth brokers				-
Growth bancassurance				-
Growth other				-

Key Trends over four year period	2006/2009
Growth total premium	26.91%
Growth total life premium	22.15%
Growth total non-life premium	30.97%
Growth total complaints	-

Czech Republic

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	113,696	127,331	147,879	137,162
Population (thousands)	10,269	10,334	10,424	10,448

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	Česká pojišťovna	Česká pojišťovna
No 2	ING	Kooperativa
No 3	Kooperativa	Allianz
No 4	Pojišťovna ČS	Generali
No 5	ČSOB Pojišťovna	ČSOB Pojišťovna

Intermediaries	
Total number of agents	
Total number of sub-agents	
Total number of brokers	

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	4,099	4,525	5,274	5,218
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Number of employees in insurance companies	14,410	14,501	14,726	-
of which sales force	-	-	-	-
Total number of undertakings	49	52	54	53
National	33	34	36	36
Branches of third (non- EU/EEA) countries	1	1	1	1
Branches of EU/EEA countries	15	17	17	16
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	1,457	1,688	1,964	2,044
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Total number of undertakings	6	6	7	7
National	3	3	3	3
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	3	3	4	4
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	72.50%	73.10%	72.70%	-
Market share of first 10 largest insurance undertakings (CR10)	93.00%	92.60%	92.00%	-
Contracts (% of primary life premiums)	-	-	-	-
Individual contracts	-	-	-	-
Group contracts	-	-	-	-
Contracts (number)	6,427	6,526	6,566	6,550
Individual contracts (number)	-	-	-	-
Group contracts (number)	-	-	-	-
Primary contracts	-	-	-	-
Ancillary contracts	-	-	-	-

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	2,642	2,837	3,310	3,174
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Total number of undertakings	26	29	29	29
National	15	16	17	17
Branches of third (non- EU/EEA) countries	1	1	1	1
Branches of EU/EEA countries	10	12	11	11
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	83.50%	81.60%	80.60%	-
Market share of first 10 largest insurance undertakings (CR10)	94.60%	93.40%	93.10%	-

Composite	2006	2007	2008	2009
Total number of undertakings	17	17	17	16
National	15	15	15	15
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	2	2	2	1

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	3.61%	3.55%	3.57%	3.80%
Life premium to GDP ratio	1.28%	1.33%	1.33%	1.49%
Non-life premiums to GDP ratio	2.32%	2.23%	2.24%	2.31%
Number of life contract to total population ratio	62.59%	63.15%	62.98%	62.69%
Average total premiums per capita	€399	€438	€506	€499
Average life premium per capita	€142	€163	€188	€196
Average non-life premium per capita	€257	€274	€318	€304
Life premium to total premiums ratio	35.54%	37.31%	37.24%	39.17%
Unit-linked contract to total life contracts ratio	8.58%	12.91%	19.32%	25.25%
Life contract to total population ratio	62.59%	63.15%	62.98%	62.69%

Complaints (per year)	2006	2007	2008	2009
Total	-	-	-	116

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	10.38%	16.56%	-1.06%	28.66%
Growth total life premium	15.87%	16.35%	4.06%	34.81%
Growth total non-life premium	7.35%	16.69%	-4.11%	25.27%
Growth total complaints	-	-	-	-
Growth direct writers				-
Growth agents				-
Growth brokers				-
Growth bancassurance				-
Growth other				-

Key Trends over four year period	2006/2009
Growth total premium	27.29%
Growth total life premium	40.29%
Growth total non-life premium	20.12%
Growth total complaints	-

Denmark

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	218,747	227,534	233,482	222,410
Population (thousands)	5,437	5,461	5,494	5,511

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	Danica	Tryg
No 2	PFA Pension	Topdanmark
No 3	Nordea Liv og Pension	Codan
No 4	PensionDanmark	Alm. Brand
No 5	Kommunernes Pensionsforsikring	lf...

Intermediaries	
Total number of agents	
Total number of sub-agents	
Total number of brokers	

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	18,702	19,570	20,811	19,902
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Number of employees in insurance companies	14,259	15,995	16,273	-
of which sales force	-	-	-	-
Total number of undertakings	195	193	184	174
National	195	190	184	160
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	3	0	14
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	12,471	13,617	14,540	13,870
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Total number of undertakings	62	64	61	63
National	62	61	61	59
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	3	0	4
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	50.68%	50.46%	49.84%	-
Market share of first 10 largest insurance undertakings (CR10)	72.81%	73.21%	72.13%	-
Contracts (% of primary life premiums)	100%	100%	100%	100%
Individual contracts	11.26%	10.60%	9.41%	7.58%
Group contracts	88.74%	89.40%	90.59%	92.42%
Contracts (number)	8,437	9,071	9,390	10,308
Individual contracts (number)	950	962	884	781
Group contracts (number)	7,487	8,109	8,506	9,526
Primary contracts	50.12%	48.77%	50.89%	51.19%
Ancillary contracts	49.88%	51.23%	49.11%	48.81%

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	6,231	5,952	6,271	6,032
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Total number of undertakings	122	117	113	100
National	122	117	113	90
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	0	0	10
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	61.66%	66.83%	69.49%	-
Market share of first 10 largest insurance undertakings (CR10)	77.25%	80.37%	83.16%	-

Composite	2006	2007	2008	2009
Total number of undertakings	0	0	0	0
National	0	0	0	0
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	0	0	0

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	8.55%	8.60%	8.91%	8.95%
Life premium to GDP ratio	5.70%	5.98%	6.23%	6.24%
Non-life premiums to GDP ratio	2.85%	2.62%	2.69%	2.71%
Number of life contract to total population ratio	155.18%	166.11%	170.91%	187.04%
Average total premiums per capita	€3,440	€3,584	€3,788	€3,611
Average life premium per capita	€2,294	€2,494	€2,647	€2,517
Average non-life premium per capita	€1,146	€1,090	€1,141	€1,095
Life premium to total premiums ratio	66.69%	69.54%	72.07%	72.06%
Unit-linked contract to total life contracts ratio	8.30%	9.31%	10.22%	10.09%
Life contract to total population ratio	155.18%	166.11%	170.91%	187.04%

Complaints (per year)	2006	2007	2008	2009
Total	2,347	2,555	2,313	1,949

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	4.64%	6.35%	-4.37%	11.28%
Growth total life premium	9.19%	6.78%	-4.61%	16.59%
Growth total non-life premium	-4.47%	5.36%	-3.81%	0.65%
Growth total complaints	8.86%	-9.47%	-15.74%	-1.45%
Growth direct writers				-
Growth agents				-
Growth brokers				-
Growth bancassurance				-
Growth other				-

Key Trends over four year period	2006/2009
Growth total premium	6.42%
Growth total life premium	11.21%
Growth total non-life premium	-3.19%
Growth total complaints	-16.96%

Estonia

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	13,391	15,828	16,107	13,861
Population (thousands)	1,344	1,342	1,341	1,338

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	Hansa Elukindlustus	IF Eesti Kindlustus
No 2	Sampo Elukindlustus	Ergo Kindlustus
No 3	SEB Elukindlustus	H. Varakindlustus
No 4	Seesam Elukindlustus	Seesam K.
No 5	Ergo Elukindlustus	Salva Kindlustus

Intermediaries	
Total number of agents	
Total number of sub-agents	
Total number of brokers	

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	284	434	372	367
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Number of employees in insurance companies	1,364	1,458	1,536	1,737
of which sales force	-	-	-	-
Total number of undertakings	16	19	19	17
National	14	13	13	12
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	2	6	6	5
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	84	180	127	133
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Total number of undertakings	5	5	5	5
National	5	5	5	5
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	0	0	0
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)		0.00%	100.00%	-
Market share of first 10 largest insurance undertakings (CR10)		100.00%	100.00%	-
Contracts (% of primary life premiums)	100%	100%	100%	100%
Individual contracts	100.00%	100.00%	100.00%	100.00%
Group contracts	0.00%	0.00%	0.00%	0.00%
Contracts (number)	332	443	481	735
Individual contracts (number)	332	443	481	735
Group contracts (number)	-	-	-	-
Primary contracts	63.08%	60.36%	61.01%	58.07%
Ancillary contracts	36.92%	39.64%	38.99%	41.93%

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	200	254	245	233
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Total number of undertakings	11	14	14	12
National	9	8	8	7
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	2	6	6	5
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	-	0.00%	92.00%	-
Market share of first 10 largest insurance undertakings (CR10)	-	100.00%	100.00%	-

Composite	2006	2007	2008	2009
Total number of undertakings	-	0	0	18
National	-	0	0	12
Branches of third (non- EU/EEA) countries	-	0	0	0
Branches of EU/EEA countries	0	0	0	6

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	2.12%	2.74%	2.31%	2.65%
Life premium to GDP ratio	0.63%	1.14%	0.79%	0.96%
Non-life premiums to GDP ratio	1.49%	1.60%	1.52%	1.68%
Number of life contract to total population ratio	24.71%	33.01%	35.84%	54.96%
Average total premiums per capita	€212	€323	€277	€274
Average life premium per capita	€63	€134	€95	€99
Average non-life premium per capita	€149	€189	€183	€174
Life premium to total premiums ratio	29.66%	41.53%	34.12%	36.24%
Unit-linked contract to total life contracts ratio	10.78%	17.60%	19.18%	20.07%
Life contract to total population ratio	24.71%	33.01%	35.84%	54.96%

Complaints (per year)	2006	2007	2008	2009
Total		170	162	166

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	52.68%	-14.40%	-1.23%	30.70%
Growth total life premium	113.81%	-29.67%	4.90%	50.36%
Growth total non-life premium	26.91%	-3.54%	-4.82%	22.41%
Growth total complaints	-	-4.71%	2.47%	-
Growth direct writers				-
Growth agents				-
Growth brokers				-
Growth bancassurance				-
Growth other				-

Key Trends over four year period	2006/2009
Growth total premium	29.09%
Growth total life premium	57.73%
Growth total non-life premium	16.51%
Growth total complaints	-

Finland

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	165,643	179,702	184,649	171,193
Population (thousands)	5,266	5,289	5,313	5,332

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	Ilmarinen, Suomi, OP Life	OP-Pohjola-group
No 2	Varma, Sampo Life, K.	If Insurance
No 3	Tapiola	Tapiola-group
No 4	Fennia	Fennia
No 5	Nordea Life	local Insurance

Intermediaries	
Total number of agents	
Total number of sub-agents	
Total number of brokers	

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	14,942	15,047	15,800	16,182
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Number of employees in insurance companies	10,583	10,669	10,810	-
of which sales force	-	-	-	-
Total number of undertakings	39	35	34	33
National	39	35	34	33
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	0	0	0
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	11,806	11,918	12,548	12,853
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Total number of undertakings	15	13	12	12
National	15	13	12	12
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	0	0	0
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	86.90%	90.00%	87.80%	52.00%
Market share of first 10 largest insurance undertakings (CR10)	99.70%	99.40%	99.80%	79.00%
Contracts (% of primary life premiums)	100%	100%	100%	100%
Individual contracts	87.31%	84.71%	79.14%	84.12%
Group contracts	12.69%	15.29%	20.86%	15.88%
Contracts (number)	2,891	2,979	3,189	3,290
Individual contracts (number)	2,524	2,523	2,524	2,768
Group contracts (number)	367	456	665	522
Primary contracts	100.00%	100.00%	100.00%	100.00%
Ancillary contracts	0.00%	0.00%	0.00%	0.00%

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	3,136	3,129	3,252	3,329
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Total number of undertakings	20	20	20	19
National	20	20	20	19
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	0	0	0
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	86.80%	86.40%	86.10%	54.00%
Market share of first 10 largest insurance undertakings (CR10)	97.00%	96.90%	96.70%	77.00%

Composite	2006	2007	2008	2009
Total number of undertakings	0	0	0	0
National	0	0	0	0
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	0	0	0

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	9.02%	8.37%	8.56%	9.45%
Life premium to GDP ratio	7.13%	6.63%	6.80%	7.51%
Non-life premiums to GDP ratio	1.89%	1.74%	1.76%	1.94%
Number of life contract to total population ratio	54.90%	56.32%	60.03%	61.70%
Average total premiums per capita	€2,837	€2,845	€2,974	€3,035
Average life premium per capita	€2,242	€2,253	€2,362	€2,411
Average non-life premium per capita	€596	€592	€612	€624
Life premium to total premiums ratio	79.01%	79.21%	79.42%	79.43%
Unit-linked contract to total life contracts ratio	-	-	-	-
Life contract to total population ratio	54.90%	56.32%	60.03%	61.70%

Complaints (per year)	2006	2007	2008	2009
Total	8,033	7,583	7,840	7,571

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	0.70%	5.00%	2.42%	5.74%
Growth total life premium	0.95%	5.29%	2.43%	6.28%
Growth total non-life premium	-0.22%	3.93%	2.37%	3.70%
Growth total complaints	-5.60%	3.39%	-3.43%	-2.40%
Growth direct writers				-
Growth agents				-
Growth brokers				-
Growth bancassurance				-
Growth other				-

Key Trends over four year period	2006/2009
Growth total premium	8.30%
Growth total life premium	8.87%
Growth total non-life premium	6.15%
Growth total complaints	-5.75%

France

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	1,806,430	1,895,284	1,948,511	1,907,145
Population (thousands)	63,426	63,803	64,167	64,526

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	CNP	Groupama
No 2	Crédit Agricole/Lyonnais	AXA
No 3	AXA	COVEA
No 4	BNP Paribas	AGF/Allianz
No 5	Générali	Generali

Intermediaries	
Total number of agents (tied)	12,500
Total number of sub-agents	
Total number of brokers	18,000

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	197,092	195,732	183,194	200,057
Total premiums by distribution channels (%)	100%	100%	100%	-
Direct writers	20.00%	21.00%	22.00%	-
Agents	14.00%	15.00%	16.00%	-
Brokers	14.00%	14.00%	15.00%	-
Bancassurance	50.00%	48.00%	45.00%	-
Other	2.00%	2.00%	2.00%	-
Number of employees in insurance companies	143,750	143,950	145,200	147,400
of which sales force	17500	17600	17800	18100
Total number of undertakings	407	407	-	386
National	396	396	-	377
Branches of third (non- EU/EEA) countries	11	11	11	9
Branches of EU/EEA countries	0	0	0	0
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	140,203	137,080	122,368	138,278
Total premiums by distribution channels (%)	100%	100%	100%	100%
Direct writers	15.00%	16.00%	16.00%	16.00%
Agents	7.00%	7.00%	8.00%	7.00%
Brokers	12.00%	13.00%	14.00%	14.00%
Bancassurance	64.00%	62.00%	60.00%	60.00%
Other	2.00%	2.00%	2.00%	3.00%
Total number of undertakings	71	71	73	63
National	70	70	72	63
Branches of third (non- EU/EEA) countries	1	1	1	0
Branches of EU/EEA countries	0	0	0	0
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	57.83%	50.81%	52.60%	69.59%
Market share of first 10 largest insurance undertakings (CR10)	73.95%	69.60%	71.80%	88.33%
Contracts (% of primary life premiums)	100%	100%	100%	100%
Individual contracts	91.38%	90.16%	88.37%	89.08%
Group contracts	8.62%	9.84%	11.63%	10.92%
Contracts (number)	79,353	-	-	-
Individual contracts (number)	72,510	-	-	-
Group contracts (number)	6,843	-	-	-
Primary contracts	100.00%	-	-	-
Ancillary contracts	0.00%	-	-	-

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	56,889	58,652	60,826	61,779
Total premiums by distribution channels (%)	100%	100%	100%	100%
Direct writers	35.00%	35.00%	35.00%	35.00%
Agents	35.00%	35.00%	35.00%	35.00%
Brokers	18.00%	18.00%	18.00%	18.00%
Bancassurance	9.00%	9.00%	10.00%	10.00%
Other	3.00%	3.00%	2.00%	2.00%
Total number of undertakings	263	263	712	259
National	253	253	702	250
Branches of third (non- EU/EEA) countries	10	10	10	9
Branches of EU/EEA countries	0	0	0	0
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	28.75%	28.54%	36.40%	61.74%
Market share of first 10 largest insurance undertakings (CR10)	44.66%	44.62%	52.00%	78.43%

Composite	2006	2007	2008	2009
Total number of undertakings	44	41	246	38
National	44	41	246	38
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	0	0	0

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	10.91%	10.33%	9.40%	10.49%
Life premium to GDP ratio	7.76%	7.23%	6.28%	7.25%
Non-life premiums to GDP ratio	3.15%	3.09%	3.12%	3.24%
Number of life contract to total population ratio	125.11%	-	-	-
Average total premiums per capita	€3,107	€3,068	€2,855	€3,100
Average life premium per capita	€2,210	€2,148	€1,907	€2,143
Average non-life premium per capita	€897	€919	€948	€957
Life premium to total premiums ratio	71.14%	70.03%	66.80%	69.12%
Unit-linked contract to total life contracts ratio	23.31%	-	-	-
Life contract to total population ratio	125.11%	-	-	-

Complaints (per year)	2006	2007	2008	2009
Total	2,415	3,360	3,227	4,112

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	-0.69%	-6.41%	9.20%	-7.05%
Growth total life premium	-2.23%	-10.73%	13.00%	-12.72%
Growth total non-life premium	3.10%	3.71%	1.57%	6.92%
Growth total complaints	39.13%	-3.96%	27.42%	33.62%
Growth direct writers				10.00%
Growth agents				14.29%
Growth brokers				7.14%
Growth bancassurance				-10.00%
Growth other				0.00%

Key Trends over four year period	2006/2009
Growth total premium	1.50%
Growth total life premium	-1.37%
Growth total non-life premium	8.60%
Growth total complaints	70.27%

Germany

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	2,326,500	2,432,400	2,481,200	2,397,100
Population (thousands)	82,376	82,266	82,110	82,087

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	Allianz	Allianz
No 2	Generali	Ergo
No 3	Ergo	Axa
No 4	Talanx	Generali
No 5	R+V	Debeka

Intermediaries	
Total number of agents	
Total number of sub-agents	
Total number of brokers	

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	161,945	162,923	164,523	171,330
Total premiums by distribution channels (%)	-	100%	100%	-
Direct writers	-	3.51%	3.61%	-
Agents	-	59.33%	58.53%	-
Brokers	-	21.94%	22.08%	-
Bancassurance	-	12.01%	12.72%	-
Other	-	3.22%	3.06%	-
Number of employees in insurance companies	225,700	218,900	216,300	-
of which sales force	-	-	-	-
Total number of undertakings	495	501	505	497
National	414	413	413	403
Branches of third (non- EU/EEA) countries	9	9	9	7
Branches of EU/EEA countries	72	79	83	87
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	78,455	78,967	79,586	85,250
Total premiums by distribution channels (%)	100%	100%	100%	-
Direct writers	10.00%	3.30%	3.40%	-
Agents	47.00%	55.00%	54.50%	-
Brokers	21.00%	20.50%	19.60%	-
Bancassurance	20.00%	18.50%	19.90%	-
Other	2.00%	2.70%	2.60%	-
Total number of undertakings	118	120	123	123
National	99	99	99	97
Branches of third (non- EU/EEA) countries	3	3	3	2
Branches of EU/EEA countries	16	18	21	24
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	35.00%	36.00%	36.87%	-
Market share of first 10 largest insurance undertakings (CR10)	50.00%	51.00%	52.50%	-
Contracts (% of primary life premiums)	100%	100%	100%	100%
Individual contracts	86.30%	85.39%	85.72%	85.55%
Group contracts	13.70%	14.61%	14.28%	14.45%
Contracts (number)	94,022	93,931	92,832	91,486
Individual contracts (number)	81,142	80,208	79,576	78,265
Group contracts (number)	12,880	13,723	13,256	13,221
Primary contracts	99.62%	99.59%	99.45%	99.29%
Ancillary contracts	0.00%	0.00%	0.00%	0.00%

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	83,490	83,956	84,937	86,080
Total premiums by distribution channels (%)	-	100%	100%	-
Direct writers	-	3.70%	3.80%	-
Agents	-	63.40%	62.30%	-
Brokers	-	23.30%	24.40%	-
Bancassurance	-	5.90%	6.00%	-
Other	-	3.70%	3.50%	-
Total number of undertakings	335	340	341	336
National	273	273	273	268
Branches of third (non- EU/EEA) countries	6	6	6	5
Branches of EU/EEA countries	56	61	62	63
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	25.00%	25.00%	25.04%	-
Market share of first 10 largest insurance undertakings (CR10)	37.00%	38.00%	37.43%	-

Composite	2006	2007	2008	2009
Total number of undertakings	0	0	0	0
National	0	0	0	0
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	0	0	0

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	6.96%	6.70%	6.63%	7.15%
Life premium to GDP ratio	3.37%	3.25%	3.21%	3.56%
Non-life premiums to GDP ratio	3.59%	3.45%	3.42%	3.59%
Number of life contract to total population ratio	114.14%	114.18%	113.06%	111.45%
Average total premiums per capita	€1,966	€1,980	€2,004	€2,087
Average life premium per capita	€952	€960	€969	€1,039
Average non-life premium per capita	€1,014	€1,021	€1,034	€1,049
Life premium to total premiums ratio	48.45%	48.47%	48.37%	49.76%
Unit-linked contract to total life contracts ratio	11.25%	12.57%	13.85%	14.59%
Life contract to total population ratio	114.14%	114.18%	113.06%	111.45%

Complaints (per year)	2006	2007	2008	2009
Total	18,451	17,592	18,837	18,145

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	0.60%	0.98%	4.14%	1.59%
Growth total life premium	0.65%	0.78%	7.12%	1.44%
Growth total non-life premium	0.56%	1.17%	1.35%	1.73%
Growth total complaints	-4.66%	7.08%	-3.67%	2.09%
Growth direct writers				-
Growth agents				-
Growth brokers				-
Growth bancassurance				-
Growth other				-

Key Trends over four year period	2006/2009
Growth total premium	5.80%
Growth total life premium	8.66%
Growth total non-life premium	3.10%
Growth total complaints	-1.66%

Greece

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	209,920	225,540	235,679	233,046
Population (thousands)	11,148	11,193	11,237	11,281

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	Ethniki	Ethniki
No 2	AIG Life	Interamerican G.
No 3	Interamerican Life	Agrotiki
No 4	ING Life	Intersalonica
No 5	EFG Eurolife	Aspis Pronia N-L

Intermediaries	
Total number of agents	
Total number of sub-agents	
Total number of brokers	

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	4,371	4,736	4,789	5,002
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Number of employees in insurance companies	9,000	9,000	9,000	-
of which sales force	-	-	-	-
Total number of undertakings	0	80	87	74
National	0	66	68	55
Branches of third (non- EU/EEA) countries	0	3	3	3
Branches of EU/EEA countries	0	11	16	16
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	2,311	2,244	2,193	2,202
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Total number of undertakings	-	15	17	17
National	-	13	14	14
Branches of third (non- EU/EEA) countries	-	1	1	1
Branches of EU/EEA countries	-	1	2	2
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	-	88.00%	65.82%	66.39%
Market share of first 10 largest insurance undertakings (CR10)	-	99.00%	88.67%	93.58%
Contracts (% of primary life premiums)	100%	-	-	-
Individual contracts	67.12%	-	-	-
Group contracts	32.88%	-	-	-
Contracts (number)	-	-	-	-
Individual contracts (number)	-	-	-	-
Group contracts (number)	-	-	-	-
Primary contracts	-	-	-	-
Ancillary contracts	-	-	-	-

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	2,060	2,492	2,596	2,800
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Total number of undertakings	-	53	58	46
National	-	41	42	30
Branches of third (non- EU/EEA) countries	-	2	2	2
Branches of EU/EEA countries	-	10	14	14
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	-	44.00%	34.08%	59.59%
Market share of first 10 largest insurance undertakings (CR10)	-	66.00%	54.86%	86.49%

Composite	2006	2007	2008	2009
Total number of undertakings	-	12	12	11
National	-	12	12	11
Branches of third (non- EU/EEA) countries	-	0	0	0
Branches of EU/EEA countries	0	0	0	0

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	2.08%	2.10%	2.03%	2.15%
Life premium to GDP ratio	1.10%	0.99%	0.93%	0.94%
Non-life premiums to GDP ratio	0.98%	1.10%	1.10%	1.20%
Number of life contract to total population ratio	-	-	-	-
Average total premiums per capita	€392	€423	€426	€443
Average life premium per capita	€207	€200	€195	€195
Average non-life premium per capita	€185	€223	€231	€248
Life premium to total premiums ratio	52.87%	47.38%	45.79%	44.02%
Unit-linked contract to total life contracts ratio	-	-	-	-
Life contract to total population ratio	-	-	-	-

Complaints (per year)	2006	2007	2008	2009
Total	-	-	-	-

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	8.35%	1.12%	4.45%	9.56%
Growth total life premium	-2.90%	-2.27%	0.41%	-5.11%
Growth total non-life premium	20.97%	4.17%	7.86%	26.02%
Growth total complaints	-	-	-	-
Growth direct writers				-
Growth agents				-
Growth brokers				-
Growth bancassurance				-
Growth other				-

Key Trends over four year period	2006/2009
Growth total premium	14.44%
Growth total life premium	-4.72%
Growth total non-life premium	35.92%
Growth total complaints	-

Hungary

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	89,798	100,742	106,373	92,942
Population (thousands)	10,071	10,056	10,038	10,028

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	ING	Allianz Hungaria
No 2	Generali-Providencia	
No 3	Aegon	AEGON
No 4	Allianz Hungaria	OTP Garancia
No 5	OTP Garancia	UNIQA

Intermediaries	
Total number of agents	
Total number of sub-agents	
Total number of brokers	

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	3,142	3,701	3,542	2,944
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Number of employees in insurance companies	26,131	26,242	26,125	-
of which sales force	-	-	-	-
Total number of undertakings	39	48	48	47
National	33	37	35	35
Branches of third (non- EU/EEA) countries	6	0	0	0
Branches of EU/EEA countries	0	11	13	12
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	1,592	2,024	1,836	1,466
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Total number of undertakings	9	10	11	12
National	9	10	10	12
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	0	1	0
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	67.50%	64.69%	59.70%	94.00%
Market share of first 10 largest insurance undertakings (CR10)	90.00%	89.04%	85.77%	100.00%
Contracts (% of primary life premiums)	100%	-	-	-
Individual contracts	100.00%	-	-	-
Group contracts	0.00%	-	-	-
Contracts (number)	3,168	-	-	-
Individual contracts (number)	3,168	-	-	-
Group contracts (number)	-	-	-	-
Primary contracts	100.00%	-	-	-
Ancillary contracts	0.00%	-	-	-

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	1,550	1,678	1,706	1,477
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Total number of undertakings	18	26	23	24
National	12	15	12	13
Branches of third (non- EU/EEA) countries	6	0	0	0
Branches of EU/EEA countries	0	11	11	11
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	81.70%	80.13%	80.68%	62.00%
Market share of first 10 largest insurance undertakings (CR10)	93.60%	92.71%	93.38%	85.00%

Composite	2006	2007	2008	2009
Total number of undertakings	12	12	14	11
National	12	12	13	10
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	0	1	1

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	3.50%	3.67%	3.33%	3.17%
Life premium to GDP ratio	1.77%	2.01%	1.73%	1.58%
Non-life premiums to GDP ratio	1.73%	1.67%	1.60%	1.59%
Number of life contract to total population ratio	31.46%	-	-	-
Average total premiums per capita	€312	€368	€353	€294
Average life premium per capita	€158	€201	€183	€146
Average non-life premium per capita	€154	€167	€170	€147
Life premium to total premiums ratio	50.67%	54.68%	51.83%	49.80%
Unit-linked contract to total life contracts ratio	26.52%	-	-	-
Life contract to total population ratio	31.46%	-	-	-

Complaints (per year)	2006	2007	2008	2009
Total	1,849	2,686	2,802	2,657

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	17.81%	-4.31%	-16.88%	12.74%
Growth total life premium	27.14%	-9.30%	-20.14%	15.32%
Growth total non-life premium	8.24%	1.71%	-13.44%	10.09%
Growth total complaints	45.27%	4.32%	-5.17%	51.54%
Growth direct writers				-
Growth agents				-
Growth brokers				-
Growth bancassurance				-
Growth other				-

Key Trends over four year period	2006/2009
Growth total premium	-6.29%
Growth total life premium	-7.90%
Growth total non-life premium	-4.70%
Growth total complaints	43.70%

Ireland

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	177,343	189,374	179,989	159,646
Population (thousands)	4,261	4,357	4,426	4,522

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	Irish Life	Hibernian Aviva
No 2	Bank of Ireland life	FBD
No 3	Hibernian Aviva	Allianz
No 4	Zurich Life	Quinn
No 5	Standard Life	RSA

Intermediaries	
Total number of agents	
Total number of sub-agents	
Total number of brokers	

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	16,150	18,204	13,431	12,099
Total premiums by distribution channels (%)	100%	100%	100%	-
Direct writers	38.66%	47.27%	45.84%	-
Agents	12.37%	8.18%	5.49%	-
Brokers	48.90%	44.55%	48.68%	-
Bancassurance	0.00%	0.00%	0.00%	-
Other	0.08%	0.00%	0.00%	-
Number of employees in insurance companies	14,256	14,762	15,033	-
of which sales force	-	-	-	-
Total number of undertakings	229	347	342	344
National	185	303	298	305
Branches of third (non- EU/EEA) countries	2	2	2	2
Branches of EU/EEA countries	42	42	42	37
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	12,327	14,594	10,097	9,000
Total premiums by distribution channels (%)	100%	100%	100%	-
Direct writers	38.40%	48.90%	47.50%	-
Agents	16.20%	10.20%	7.30%	-
Brokers	45.30%	40.90%	45.20%	-
Bancassurance	0.00%	0.00%	0.00%	-
Other	0.10%	0.00%	0.00%	-
Total number of undertakings	64	66	71	69
National	53	54	59	59
Branches of third (non- EU/EEA) countries	1	1	1	1
Branches of EU/EEA countries	10	11	11	9
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	79.10%	82.07%	45.70%	37.66%
Market share of first 10 largest insurance undertakings (CR10)	81.48%	99.52%	62.90%	53.05%
Contracts (% of primary life premiums)	100%	100%	100%	100%
Individual contracts	66.00%	66.60%	66.66%	66.66%
Group contracts	34.00%	33.40%	33.34%	33.34%
Contracts (number)	-	-	-	-
Individual contracts (number)	-	-	-	-
Group contracts (number)	-	-	-	-
Primary contracts	-	-	-	-
Ancillary contracts	-	-	-	-

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	3,823	3,610	3,334	3,099
Total premiums by distribution channels (%)	100%	100%	100%	-
Direct writers	39.50%	40.70%	40.80%	-
Agents	0.00%	0.00%	0.00%	-
Brokers	60.50%	59.30%	59.20%	-
Bancassurance	0.00%	0.00%	0.00%	-
Other	0.00%	0.00%	0.00%	-
Total number of undertakings	165	167	165	158
National	132	135	133	129
Branches of third (non- EU/EEA) countries	1	1	1	1
Branches of EU/EEA countries	32	31	31	28
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	62.85%	80.22%	52.60%	24.97%
Market share of first 10 largest insurance undertakings (CR10)	68.54%	98.95%	68.70%	37.33%

Composite	2006	2007	2008	2009
Total number of undertakings	0	0	0	0
National	0	0	0	0
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	0	0	0

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	9.11%	9.61%	7.46%	7.58%
Life premium to GDP ratio	6.95%	7.71%	5.61%	5.64%
Non-life premiums to GDP ratio	2.16%	1.91%	1.85%	1.94%
Number of life contract to total population ratio	-	-	-	-
Average total premiums per capita	€3,790	€4,178	€3,035	€2,676
Average life premium per capita	€2,893	€3,350	€2,281	€1,990
Average non-life premium per capita	€897	€829	€753	€685
Life premium to total premiums ratio	76.33%	80.17%	75.17%	74.39%
Unit-linked contract to total life contracts ratio	-	-	-	-
Life contract to total population ratio	-	-	-	-

Complaints (per year)	2006	2007	2008	2009
Total	2,229	2,445	3,332	4,668

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	12.72%	-26.22%	-9.92%	-16.83%
Growth total life premium	18.39%	-30.81%	-10.86%	-18.09%
Growth total non-life premium	-5.57%	-7.63%	-7.06%	-12.78%
Growth total complaints	9.69%	36.28%	40.10%	49.48%
Growth direct writers				18.56%
Growth agents				-55.62%
Growth brokers				-0.46%
Growth bancassurance				-
Growth other				-100.00%

Key Trends over four year period	2006/2009
Growth total premium	-25.08%
Growth total life premium	-26.99%
Growth total non-life premium	-18.94%
Growth total complaints	109.42%

Italy

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	1,485,377	1,546,177	1,567,851	1,520,870
Population (thousands)	58,941	59,375	59,832	60,067

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	Generali	Generali
No 2	Poste Vita	Fonditalia-Sai
No 3	Allianz	Allianz
No 4	Fonditalia-Sai	UGF
No 5	UGF	Reale Mutua

Intermediaries	
Total number of agents	
Total number of sub-agents	
Total number of brokers	

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	106,502	99,095	92,019	117,866
Total premiums by distribution channels (%)	100%	100%	100%	-
Direct writers	9.90%	9.40%	9.96%	-
Agents	42.40%	45.10%	48.07%	-
Brokers	3.20%	3.70%	3.98%	-
Bancassurance	44.50%	41.80%	37.99%	-
Other	0.00%	0.00%	0.00%	-
Number of employees in insurance companies	39,795	46,278	46,831	-
of which sales force	-	-	-	-
Total number of undertakings	246	243	247	241
National	168	163	163	156
Branches of third (non- EU/EEA) countries	5	4	3	3
Branches of EU/EEA countries	73	76	81	82
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	69,377	61,439	54,565	81,120
Total premiums by distribution channels (%)	100%	100%	100%	100%
Direct writers	11.70%	11.20%	12.48%	8.70%
Agents	19.90%	21.10%	23.55%	15.90%
Brokers	0.90%	1.40%	1.48%	1.00%
Bancassurance	67.50%	66.30%	62.49%	74.30%
Other	0.00%	0.00%	0.00%	0.00%
Total number of undertakings	87	87	79	80
National	69	68	65	64
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	18	19	14	16
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	50.40%	53.00%	33.00%	47.59%
Market share of first 10 largest insurance undertakings (CR10)	70.20%	73.20%	52.00%	71.41%
Contracts (% of primary life premiums)	100%	100%	100%	100%
Individual contracts	95.78%	94.17%	91.47%	94.17%
Group contracts	4.22%	5.83%	8.53%	5.83%
Contracts (number)	34,736	34,477	36,505	35,897
Individual contracts (number)	33,271	32,468	33,391	33,803
Group contracts (number)	1,465	2,009	3,114	2,094
Primary contracts	100.00%	100.00%	100.00%	100.00%
Ancillary contracts	0.00%	0.00%	0.00%	0.00%

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	37,125	37,656	37,454	36,746
Total premiums by distribution channels (%)	100%	100%	100%	100%
Direct writers	6.60%	6.40%	6.30%	6.00%
Agents	84.20%	84.40%	83.79%	83.00%
Brokers	7.50%	7.40%	7.62%	7.90%
Bancassurance	1.70%	1.80%	2.29%	3.00%
Other	0.00%	0.00%	0.00%	0.00%
Total number of undertakings	130	131	134	130
National	77	77	80	78
Branches of third (non- EU/EEA) countries	3	3	3	3
Branches of EU/EEA countries	50	51	51	49
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	73.00%	71.00%	44.00%	68.23%
Market share of first 10 largest insurance undertakings (CR10)	88.50%	87.50%	65.00%	82.44%

Composite	2006	2007	2008	2009
Total number of undertakings	19	18	26	24
National	19	17	17	14
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	1	9	10

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	7.17%	6.41%	5.87%	7.75%
Life premium to GDP ratio	4.67%	3.97%	3.48%	5.33%
Non-life premiums to GDP ratio	2.50%	2.44%	2.39%	2.42%
Number of life contract to total population ratio	58.93%	58.07%	61.01%	59.76%
Average total premiums per capita	€1,807	€1,669	€1,538	€1,962
Average life premium per capita	€1,177	€1,035	€912	€1,350
Average non-life premium per capita	€630	€634	€626	€612
Life premium to total premiums ratio	65.14%	62.00%	59.30%	68.82%
Unit-linked contract to total life contracts ratio	-	-	-	-
Life contract to total population ratio	58.93%	58.07%	61.01%	59.76%

Complaints (per year)	2006	2007	2008	2009
Total	25,294	29,523	28,316	32,269

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	-6.95%	-7.14%	28.09%	-13.60%
Growth total life premium	-11.44%	-11.19%	48.67%	-21.35%
Growth total non-life premium	1.43%	-0.54%	-1.89%	0.89%
Growth total complaints	16.72%	-4.09%	13.96%	11.95%
Growth direct writers				0.61%
Growth agents				13.37%
Growth brokers				24.38%
Growth bancassurance				-14.63%
Growth other				-

Key Trends over four year period	2006/2009
Growth total premium	10.67%
Growth total life premium	16.93%
Growth total non-life premium	-1.02%
Growth total complaints	27.58%

Latvia

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	16,047	21,111	23,037	18,539
Population (thousands)	2,288	2,276	2,266	2,255

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	Ergo dzīvība	BTA
No 2	SEB dzīvība	Balta
No 3	Hansa Elukindlustus	Gjensidige
No 4	Seesam Life	If Latvia
No 5	Sampo dzīvība	Ergo Latvija

Intermediaries	
Total number of agents	
Total number of sub-agents	
Total number of brokers	

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	291	438	476	315
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Number of employees in insurance companies	3,800	-	-	-
of which sales force	-	-	-	-
Total number of undertakings	20	22	27	25
National	16	15	15	14
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	4	7	12	11
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	24	37	27	28
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Total number of undertakings	7	9	9	9
National	5	4	4	4
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	2	5	5	5
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	100.00%	0.00%	100.00%	50.81%
Market share of first 10 largest insurance undertakings (CR10)	0.00%	0.00%	0.00%	72.84%
Contracts (% of primary life premiums)	-	-	-	-
Individual contracts	-	-	-	-
Group contracts	-	-	-	-
Contracts (number)	102	87	101	86
Individual contracts (number)	-	-	-	-
Group contracts (number)	-	-	-	-
Primary contracts	-	-	-	-
Ancillary contracts	-	-	-	-

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	267	401	449	287
Total premiums by distribution channels (%)	100%	100%	-	-
Direct writers	45.00%	44.00%	-	-
Agents	19.00%	18.00%	-	-
Brokers	33.00%	36.00%	-	-
Bancassurance	1.00%	2.00%	-	-
Other	2.00%	0.00%	-	-
Total number of undertakings	13	13	18	16
National	11	11	11	10
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	2	2	7	6
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	75.09%	75.90%	74.80%	28.36%
Market share of first 10 largest insurance undertakings (CR10)	99.92%	99.50%	99.95%	44.55%

Composite	2006	2007	2008	2009
Total number of undertakings	0	0	0	0
National	0	0	0	0
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	0	0	0

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	1.82%	2.07%	2.07%	1.70%
Life premium to GDP ratio	0.15%	0.18%	0.12%	0.15%
Non-life premiums to GDP ratio	1.66%	1.90%	1.95%	1.55%
Number of life contract to total population ratio	4.47%	3.84%	4.44%	3.83%
Average total premiums per capita	€127	€192	€210	€140
Average life premium per capita	€11	€16	€12	€12
Average non-life premium per capita	€117	€176	€198	€127
Life premium to total premiums ratio	8.35%	8.46%	5.72%	8.89%
Unit-linked contract to total life contracts ratio	-	-	-	-
Life contract to total population ratio	4.47%	3.84%	4.44%	3.83%

Complaints (per year)	2006	2007	2008	2009
Total	46	89	109	117

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	50.19%	8.80%	-33.83%	63.40%
Growth total life premium	52.31%	-26.42%	2.74%	12.07%
Growth total non-life premium	49.99%	12.05%	-36.05%	68.07%
Growth total complaints	93.48%	22.47%	7.34%	136.96%
Growth direct writers				-
Growth agents				-
Growth brokers				-
Growth bancassurance				-
Growth other				-

Key Trends over four year period	2006/2009
Growth total premium	8.12%
Growth total life premium	15.14%
Growth total non-life premium	7.48%
Growth total complaints	154.35%

Lithuania

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	23,979	28,577	32,288	26,508
Population (thousands)	3,394	3,376	3,358	3,344

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	-	-
No 2	-	-
No 3	-	-
No 4	-	-
No 5	-	-

Intermediaries	
Total number of agents	
Total number of sub-agents	
Total number of brokers	

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	425	606	590	432
Total premiums by distribution channels (%)	-	100%	100%	-
Direct writers	-	30.43%	34.56%	-
Agents	-	22.90%	21.41%	-
Brokers	-	27.33%	29.97%	-
Bancassurance	-	19.34%	14.06%	-
Other	-	0.00%	0.00%	-
Number of employees in insurance companies	-	5,100	5,500	-
of which sales force	-	-	-	-
Total number of undertakings	0	28	30	28
National	0	18	17	14
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	10	13	14
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	132	228	155	136
Total premiums by distribution channels (%)	100%	100%	0%	-
Direct writers	8.00%	8.00%	8.00%	-
Agents	34.00%	31.00%	31.00%	-
Brokers	19.00%	13.00%	13.00%	-
Bancassurance	39.00%	48.00%	48.00%	-
Other	0.00%	0.00%	0.00%	-
Total number of undertakings	-	10	11	12
National	-	6	6	6
Branches of third (non- EU/EEA) countries	-	0	0	0
Branches of EU/EEA countries	-	4	5	6
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	-	94.10%	88.80%	41.00%
Market share of first 10 largest insurance undertakings (CR10)	-	100.00%	100.00%	58.00%
Contracts (% of primary life premiums)	-	-	-	-
Individual contracts	-	-	-	-
Group contracts	-	-	-	-
Contracts (number)	-	-	-	-
Individual contracts (number)	-	-	-	-
Group contracts (number)	-	-	-	-
Primary contracts	-	-	-	-
Ancillary contracts	-	-	-	-

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	293	377	435	296
Total premiums by distribution channels (%)	-	100%	100%	-
Direct writers	-	44.00%	44.00%	-
Agents	-	18.00%	18.00%	-
Brokers	-	36.00%	36.00%	-
Bancassurance	-	2.00%	2.00%	-
Other	-	0.00%	0.00%	-
Total number of undertakings	-	18	19	16
National	-	12	11	8
Branches of third (non- EU/EEA) countries	-	0	0	0
Branches of EU/EEA countries	-	6	8	8
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	-	83.10%	81.70%	34.60%
Market share of first 10 largest insurance undertakings (CR10)	-	95.20%	95.60%	51.00%

Composite	2006	2007	2008	2009
Total number of undertakings	-	0	0	0
National	-	0	0	0
Branches of third (non- EU/EEA) countries	-	0	0	0
Branches of EU/EEA countries	0	0	0	0

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	1.77%	2.12%	1.83%	1.63%
Life premium to GDP ratio	0.55%	0.80%	0.48%	0.51%
Non-life premiums to GDP ratio	1.22%	1.32%	1.35%	1.12%
Number of life contract to total population ratio	-	-	-	-
Average total premiums per capita	€125	€179	€176	€129
Average life premium per capita	€39	€68	€46	€41
Average non-life premium per capita	€86	€112	€130	€89
Life premium to total premiums ratio	30.96%	37.70%	26.22%	31.48%
Unit-linked contract to total life contracts ratio	-	-	-	-
Life contract to total population ratio	-	-	-	-

Complaints (per year)	2006	2007	2008	2009
Total	-	192	436	400

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	42.46%	-2.55%	-26.79%	38.83%
Growth total life premium	73.43%	-32.21%	-12.11%	17.57%
Growth total non-life premium	28.57%	15.39%	-32.01%	48.36%
Growth total complaints	-	127.08%	-8.26%	-
Growth direct writers				-
Growth agents				-
Growth brokers				-
Growth bancassurance				-
Growth other				-

Key Trends over four year period	2006/2009
Growth total premium	1.64%
Growth total life premium	3.34%
Growth total non-life premium	0.88%
Growth total complaints	-

Luxembourg

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	33,920	37,491	39,640	38,044
Population (thousands)	473	480	489	495

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	Sogelife	Le Foyer
No 2	SwissLife	La Luxembourgeoise
No 3	La Luxembourgeoise	AXA
No 4	Foyer	La Bâloise
No 5	Fortis	P&V Assurances

Intermediaries	
Total number of agents	
Total number of sub-agents	
Total number of brokers	

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	1,138	1,222	1,899	1,935
Total premiums by distribution channels (%)	100%	100%	-	-
Direct writers	22.44%	20.44%	-	-
Agents	22.95%	29.13%	-	-
Brokers	34.20%	14.40%	-	-
Bancassurance	16.82%	36.03%	-	-
Other	3.59%	0.00%	-	-
Number of employees in insurance companies	3,170	3,242	3,268	-
of which sales force	-	-	-	-
Total number of undertakings	357	356	357	344
National	341	341	342	329
Branches of third (non- EU/EEA) countries	1	0	0	0
Branches of EU/EEA countries	15	15	15	15
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	511	549	1,194	1,224
Total premiums by distribution channels (%)	100%	100%	-	-
Direct writers	7.00%	2.70%	-	-
Agents	2.00%	15.80%	-	-
Brokers	46.00%	1.90%	-	-
Bancassurance	37.00%	79.70%	-	-
Other	8.00%	0.00%	-	-
Total number of undertakings	55	54	53	49
National	53	52	51	47
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	2	2	2	2
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	66.79%	64.82%	84.16%	87.80%
Market share of first 10 largest insurance undertakings (CR10)	88.78%	88.65%	96.52%	99.80%
Contracts (% of primary life premiums)	100%	100%	-	-
Individual contracts	99.82%	99.83%	-	-
Group contracts	0.18%	0.17%	-	-
Contracts (number)	1,503	1,722	-	-
Individual contracts (number)	1,500	1,719	-	-
Group contracts (number)	3	3	-	-
Primary contracts	100.00%	100.00%	-	-
Ancillary contracts	0.00%	0.00%	-	-

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	627	673	705	711
Total premiums by distribution channels (%)	100%	100%	-	-
Direct writers	35.00%	35.00%	-	-
Agents	40.00%	40.00%	-	-
Brokers	24.60%	24.60%	-	-
Bancassurance	0.40%	0.40%	-	-
Other	0.00%	0.00%	-	-
Total number of undertakings	36	37	40	41
National	26	27	30	31
Branches of third (non- EU/EEA) countries	1	0	0	0
Branches of EU/EEA countries	9	10	10	10
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	92.32%	83.24%	84.26%	86.10%
Market share of first 10 largest insurance undertakings (CR10)	98.97%	95.91%	96.64%	96.70%

Composite	2006	2007	2008	2009
Total number of undertakings	4	3	3	3
National	0	0	0	0
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	4	3	3	3

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	3.36%	3.26%	4.79%	5.09%
Life premium to GDP ratio	1.51%	1.46%	3.01%	3.22%
Non-life premiums to GDP ratio	1.85%	1.79%	1.78%	1.87%
Number of life contract to total population ratio	317.68%	358.75%	-	-
Average total premiums per capita	€2,406	€2,545	€3,883	€3,909
Average life premium per capita	€1,080	€1,143	€2,441	€2,473
Average non-life premium per capita	€1,327	€1,401	€1,442	€1,436
Life premium to total premiums ratio	44.87%	44.93%	62.86%	63.26%
Unit-linked contract to total life contracts ratio	-	-	-	-
Life contract to total population ratio	-	-	-	-

Complaints (per year)	2006	2007	2008	2009
Total	130	137	232	284

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	7.32%	55.45%	1.91%	66.83%
Growth total life premium	7.47%	117.48%	2.55%	133.74%
Growth total non-life premium	7.20%	4.83%	0.83%	12.38%
Growth total complaints	5.38%	69.34%	22.41%	78.46%
Growth direct writers				-
Growth agents				-
Growth brokers				-
Growth bancassurance				-
Growth other				-

Key Trends over four year period	2006/2009
Growth total premium	70.01%
Growth total life premium	139.69%
Growth total non-life premium	13.31%
Growth total complaints	118.46%

Malta

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	5,150	5,509	5,797	5,830
Population (thousands)	406	409	412	414

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	-	-
No 2	-	-
No 3	-	-
No 4	-	-
No 5	-	-

Intermediaries	
Total number of agents	
Total number of sub-agents	
Total number of brokers	

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	286	352	275	288
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Number of employees in insurance companies	806	832	786	-
of which sales force	-	-	-	-
Total number of undertakings	37	43	47	57
National	22	30	34	44
Branches of third (non- EU/EEA) countries	4	4	4	4
Branches of EU/EEA countries	11	9	9	9
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	171	228	181	193
Total premiums by distribution channels (%)	100%	100%	100%	-
Direct writers	3.28%	2.81%	2.49%	-
Agents	3.07%	3.01%	1.97%	-
Brokers	3.55%	2.83%	3.52%	-
Bancassurance	74.89%	78.77%	79.88%	-
Other	15.21%	12.58%	12.14%	-
Total number of undertakings	9	10	10	12
National	4	5	5	7
Branches of third (non- EU/EEA) countries	2	2	2	2
Branches of EU/EEA countries	3	3	3	3
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	98.45%	98.00%	98.69%	67.62%
Market share of first 10 largest insurance undertakings (CR10)	100.00%	100.00%	100.00%	87.64%
Contracts (% of primary life premiums)	100%	100%	100%	100%
Individual contracts	98.47%	98.85%	98.32%	98.95%
Group contracts	1.53%	1.15%	1.68%	1.05%
Contracts (number)	215	230	231	240
Individual contracts (number)	211	227	227	238
Group contracts (number)	3	3	4	3
Primary contracts	87.95%	87.75%	85.60%	89.88%
Ancillary contracts	12.05%	12.25%	14.40%	10.12%

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	115	124	93	95
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Total number of undertakings	24	28	31	37
National	14	20	23	29
Branches of third (non- EU/EEA) countries	2	2	2	2
Branches of EU/EEA countries	8	6	6	6
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	75.57%	73.00%	74.61%	40.20%
Market share of first 10 largest insurance undertakings (CR10)	95.69%	97.00%	95.50%	58.94%

Composite	2006	2007	2008	2009
Total number of undertakings	3	3	3	4
National	3	3	3	4
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	0	0	0

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	5.55%	6.39%	4.74%	4.94%
Life premium to GDP ratio	3.32%	4.14%	3.13%	3.31%
Non-life premiums to GDP ratio	2.23%	2.25%	1.61%	1.63%
Number of life contract to total population ratio	52.86%	56.16%	55.98%	58.04%
Average total premiums per capita	€704	€860	€666	€696
Average life premium per capita	€421	€557	€440	€466
Average non-life premium per capita	€283	€303	€227	€229
Life premium to total premiums ratio	59.82%	64.79%	65.99%	67.01%
Unit-linked contract to total life contracts ratio	10.68%	11.56%	13.01%	13.23%
Life contract to total population ratio	52.86%	56.16%	55.98%	58.04%

Complaints (per year)	2006	2007	2008	2009
Total	121	148	171	167

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	23.05%	-21.95%	4.90%	-3.96%
Growth total life premium	33.27%	-20.50%	6.53%	5.95%
Growth total non-life premium	7.83%	-24.61%	1.75%	-18.71%
Growth total complaints	22.31%	15.54%	-2.34%	41.32%
Growth direct writers				-
Growth agents				-
Growth brokers				-
Growth bancassurance				-
Growth other				-

Key Trends over four year period	2006/2009
Growth total premium	0.75%
Growth total life premium	12.87%
Growth total non-life premium	-17.29%
Growth total complaints	38.02%

Netherlands

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	540,216	571,773	596,226	571,979
Population (thousands)	16,346	16,382	16,446	16,493

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	NNLM	Interpolis
No 2	AEGON	Achmea
No 3	ASR	NNSM
No 4	Delta Lloyd	Fortis ASR
No 5	REAAL	Atradius

Intermediaries	
Total number of agents	10123
Total number of sub-agents	338
Total number of brokers	-

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	73,386	74,920	76,559	76,395
Total premiums by distribution channels (%)	100%	100%	100%	100%
Direct writers	43.18%	45.61%	41.40%	21.00%
Agents	44.59%	43.96%	46.53%	-
Brokers	0.00%	0.00%	0.00%	36.00%
Bancassurance	12.23%	10.44%	10.73%	30.00%
Other	0.00%	0.00%	1.35%	13.00%
Number of employees in insurance companies	52,470	52,040	51,010	59,000
of which sales force	-	-	-	-
Total number of undertakings	341	299	288	282
National	333	292	282	276
Branches of third (non- EU/EEA) countries	8	7	6	6
Branches of EU/EEA countries	0	0	0	0
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	26,143	26,367	26,446	24,277
Total premiums by distribution channels (%)	100%	100%	100%	100%
Direct writers	27.00%	28.00%	27.00%	7.00%
Agents	53.00%	57.00%	57.00%	0.00%
Brokers	0.00%	0.00%	0.00%	58.00%
Bancassurance	20.00%	15.00%	14.00%	12.00%
Other	0.00%	0.00%	2.00%	23.00%
Total number of undertakings	74	69	65	58
National	73	68	65	58
Branches of third (non- EU/EEA) countries	1	1	0	0
Branches of EU/EEA countries	0	0	0	0
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	53.04%	53.22%	55.73%	57.83%
Market share of first 10 largest insurance undertakings (CR10)	74.36%	74.83%	76.40%	83.08%
Contracts (% of primary life premiums)	100%	100%	100%	100%
Individual contracts	68.27%	66.19%	64.97%	61.95%
Group contracts	31.73%	33.81%	35.03%	38.05%
Contracts (number)	41,526	-	-	-
Individual contracts (number)	28,350	-	-	-
Group contracts (number)	13,176	-	-	-
Primary contracts	100.00%	-	-	-
Ancillary contracts	0.00%	-	-	-

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	47,243	48,551	50,113	52,118
Total premiums by distribution channels (%)	100%	100%	100%	100%
Direct writers	50.00%	51.00%	49.00%	27.00%
Agents	41.00%	40.00%	41.00%	-
Brokers	0.00%	0.00%	0.00%	26.00%
Bancassurance	9.00%	8.00%	9.00%	39.00%
Other	0.00%	1.00%	1.00%	8.00%
Total number of undertakings	263	230	223	210
National	256	224	217	204
Branches of third (non- EU/EEA) countries	7	6	6	6
Branches of EU/EEA countries	0	0	0	0
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	34.80%	35.14%	35.59%	81.03%
Market share of first 10 largest insurance undertakings (CR10)	50.91%	49.56%	50.39%	94.35%

Composite	2006	2007	2008	2009
Total number of undertakings	1019	1093	1127	-
National	322	309	295	281
Branches of third (non- EU/EEA) countries	8	7	6	6
Branches of EU/EEA countries	689	777	826	-

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	13.58%	13.17%	12.85%	13.60%
Life premium to GDP ratio	4.84%	4.64%	4.44%	4.30%
Non-life premiums to GDP ratio	8.75%	8.54%	8.41%	9.30%
Number of life contract to total population ratio	254.04%	-	-	-
Average total premiums per capita	€4,490	€4,573	€4,655	€4,708
Average life premium per capita	€1,599	€1,610	€1,608	€1,480
Average non-life premium per capita	€2,890	€2,964	€3,047	€3,228
Life premium to total premiums ratio	35.62%	35.19%	34.47%	31.78%
Unit-linked contract to total life contracts ratio	19.26%	44.00%	40.00%	42.00%
Life contract to total population ratio	254.04%	-	-	-

Complaints (per year)	2006	2007	2008	2009
Total	5,012	-	3,822	3,978

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	2.09%	2.19%	-0.21%	4.32%
Growth total life premium	0.86%	0.30%	-8.20%	1.16%
Growth total non-life premium	2.77%	3.22%	4.00%	6.08%
Growth total complaints	-	-	4.08%	-23.74%
Growth direct writers				-4.13%
Growth agents				4.35%
Growth brokers				-
Growth bancassurance				-12.31%
Growth other				-

Key Trends over four year period	2006/2009
Growth total premium	4.10%
Growth total life premium	-7.14%
Growth total non-life premium	10.32%
Growth total complaints	-20.63%

Poland

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	272,089	311,002	363,154	310,486
Population (thousands)	38,141	38,121	38,126	38,114

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	PZU Życie	PZU
No 2	AVIVA	Warta
No 3	ING	Ergo-Hestia
No 4	Warta Życie	Allianz
No 5	Europa Życie	HDI Asekuracja

Intermediaries	
Total number of agents	
Total number of sub-agents	
Total number of brokers	

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	9,631	11,580	16,830	11,824
Total premiums by distribution channels (%)	100%	100%	100%	-
Direct writers	26.40%	25.10%	23.50%	-
Agents	47.50%	49.70%	38.50%	-
Brokers	8.70%	7.30%	7.20%	-
Bancassurance	11.00%	14.20%	29.90%	-
Other	6.40%	3.70%	0.90%	-
Number of employees in insurance companies	28,474	30,251	29,623	-
of which sales force	-	-	-	-
Total number of undertakings	77	81	149	65
National	67	66	100	64
Branches of third (non- EU/EEA) countries	1	1	0	1
Branches of EU/EEA countries	9	14	49	0
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	5,418	6,743	11,100	6,996
Total premiums by distribution channels (%)	100%	100%	100%	-
Direct writers	28.20%	27.30%	22.90%	-
Agents	38.92%	42.90%	27.90%	-
Brokers	3.45%	2.40%	1.60%	-
Bancassurance	20.50%	23.40%	44.40%	-
Other	8.93%	4.00%	3.20%	-
Total number of undertakings	33	34	30	30
National	32	32	22	30
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	1	2	8	0
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	70.70%	65.54%	73.10%	85.00%
Market share of first 10 largest insurance undertakings (CR10)	87.30%	85.55%	88.51%	99.00%
Contracts (% of primary life premiums)	100%	100%	100%	100%
Individual contracts	58.14%	66.16%	44.11%	49.27%
Group contracts	41.86%	33.84%	55.89%	50.73%
Contracts (number)	12,103	12,196	22,577	22,412
Individual contracts (number)	7,036	8,068	9,959	11,042
Group contracts (number)	5,067	4,127	12,619	11,370
Primary contracts	100.00%	100.00%	100.00%	100.00%
Ancillary contracts	0.00%	0.00%	0.00%	0.00%

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	4,213	4,837	5,730	4,827
Total premiums by distribution channels (%)	100%	100%	100%	-
Direct writers	24.07%	22.10%	24.00%	-
Agents	58.59%	59.20%	58.80%	-
Brokers	15.37%	14.20%	14.30%	-
Bancassurance	0.98%	1.40%	2.10%	-
Other	0.99%	3.10%	0.80%	-
Total number of undertakings	44	47	97	35
National	35	34	57	34
Branches of third (non- EU/EEA) countries	1	1	0	1
Branches of EU/EEA countries	8	12	40	0
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	76.05%	74.07%	61.48%	65.00%
Market share of first 10 largest insurance undertakings (CR10)	87.24%	86.65%	77.99%	97.00%

Composite	2006	2007	2008	2009
Total number of undertakings	0	0	22	0
National	0	0	21	0
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	0	1	0

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	3.54%	3.72%	4.63%	3.81%
Life premium to GDP ratio	1.99%	2.17%	3.06%	2.25%
Non-life premiums to GDP ratio	1.55%	1.56%	1.58%	1.55%
Number of life contract to total population ratio	31.73%	31.99%	59.22%	58.80%
Average total premiums per capita	€253	€304	€441	€310
Average life premium per capita	€142	€177	€291	€184
Average non-life premium per capita	€110	€127	€150	€127
Life premium to total premiums ratio	56.26%	58.23%	65.95%	59.17%
Unit-linked contract to total life contracts ratio	19.14%	21.05%	3.23%	3.30%
Life contract to total population ratio	31.73%	31.99%	59.22%	58.80%

Complaints (per year)	2006	2007	2008	2009
Total	206	153	141	1,186

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	20.24%	45.34%	-29.75%	74.75%
Growth total life premium	24.45%	64.62%	-36.97%	104.87%
Growth total non-life premium	14.82%	18.46%	-15.76%	36.02%
Growth total complaints	-25.73%	-7.84%	741.13%	-31.55%
Growth direct writers				-10.98%
Growth agents				-18.95%
Growth brokers				-17.24%
Growth bancassurance				171.82%
Growth other				-85.94%

Key Trends over four year period	2006/2009
Growth total premium	22.77%
Growth total life premium	29.12%
Growth total non-life premium	14.58%
Growth total complaints	475.73%

Portugal

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	160,274	168,737	172,022	168,046
Population (thousands)	10,584	10,608	10,622	10,674

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	Caixa Seguros	Grupo Caixa
No 2	Grupo Tranquilidade	G. Tranquilidade
No 3	MillenniumBcp Fortis	Axa Portugal
No 4	Santander Totta	G. Allianz
No 5	Grupo Allianz / BPI	Zurich Portugal

Intermediaries	2009
Total number of agents	27034
Total number of sub-agents	
Total number of brokers	100

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	13,123	13,751	15,329	14,559
Total premiums by distribution channels (%)	100%	100%	100%	100%
Direct writers	6.21%	6.11%	7.43%	4.70%
Agents	27.42%	24.56%	24.40%	22.00%
Brokers	6.34%	5.84%	5.60%	6.10%
Bancassurance	59.84%	63.08%	61.80%	66.70%
Other	0.20%	0.41%	0.77%	0.60%
Number of employees in insurance companies	11,518	11,295	11,307	11,270
of which sales force	2355	2600	2714	2818
Total number of undertakings	73	82	85	87
National	44	48	48	47
Branches of third (non- EU/EEA) countries	1	2	2	2
Branches of EU/EEA countries	28	32	35	38
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	8,762	9,369	11,005	10,427
Total premiums by distribution channels (%)	100%	100%	100%	-
Direct writers	3.85%	3.60%	6.40%	-
Agents	10.28%	7.88%	10.70%	-
Brokers	1.26%	1.02%	1.30%	-
Bancassurance	84.53%	87.29%	81.60%	-
Other	0.07%	0.21%	0.00%	-
Total number of undertakings	22	21	22	22
National	15	15	15	16
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	7	6	7	6
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	41.37%	86.84%	84.91%	35.90%
Market share of first 10 largest insurance undertakings (CR10)	46.58%	96.48%	95.18%	57.50%
Contracts (% of primary life premiums)	100%	100%	100%	100%
Individual contracts	76.58%	76.82%	87.02%	84.55%
Group contracts	23.42%	23.18%	12.98%	15.45%
Contracts (number)	8,523	8,982	9,325	9,622
Individual contracts (number)	6,527	6,900	8,115	8,135
Group contracts (number)	1,996	2,082	1,210	1,487
Primary contracts	100.00%	100.00%	100.00%	100.00%
Ancillary contracts	0.00%	0.00%	0.00%	0.00%

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	4,361	4,382	4,324	4,132
Total premiums by distribution channels (%)	100%	100%	100%	-
Direct writers	11.04%	11.62%	10.00%	-
Agents	60.08%	61.12%	60.70%	-
Brokers	16.74%	16.39%	16.90%	-
Bancassurance	9.30%	10.01%	9.90%	-
Other	2.84%	0.86%	2.50%	-
Total number of undertakings	43	50	50	51
National	23	26	26	24
Branches of third (non- EU/EEA) countries	0	1	1	1
Branches of EU/EEA countries	20	23	23	26
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	10.55%	56.12%	54.56%	49.90%
Market share of first 10 largest insurance undertakings (CR10)	14.83%	79.84%	79.38%	66.80%

Composite	2006	2007	2008	2009
Total number of undertakings	7	10	12	13
National	5	6	6	6
Branches of third (non- EU/EEA) countries	1	1	1	1
Branches of EU/EEA countries	1	3	5	6

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	8.19%	8.15%	8.91%	8.66%
Life premium to GDP ratio	5.47%	5.55%	6.40%	6.20%
Non-life premiums to GDP ratio	2.72%	2.60%	2.51%	2.46%
Number of life contract to total population ratio	80.53%	84.68%	87.79%	90.14%
Average total premiums per capita	€1,240	€1,296	€1,443	€1,364
Average life premium per capita	€828	€883	€1,036	€977
Average non-life premium per capita	€412	€413	€407	€387
Life premium to total premiums ratio	66.77%	68.14%	71.79%	71.62%
Unit-linked contract to total life contracts ratio	9.29%	10.20%	10.00%	10.46%
Life contract to total population ratio	80.53%	84.68%	87.79%	90.14%

Complaints (per year)	2006	2007	2008	2009
Total	-	4,616	5,247	6,968

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	4.79%	11.48%	-5.02%	16.81%
Growth total life premium	6.94%	17.46%	-5.25%	25.60%
Growth total non-life premium	0.47%	-1.32%	-4.44%	-0.86%
Growth total complaints	-	13.67%	32.80%	-
Growth direct writers				19.66%
Growth agents				-11.00%
Growth brokers				-11.71%
Growth bancassurance				3.28%
Growth other				294.74%

Key Trends over four year period	2006/2009
Growth total premium	10.94%
Growth total life premium	19.01%
Growth total non-life premium	-5.26%
Growth total complaints	-

Romania

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	97,751	124,729	139,765	117,457
Population (thousands)	21,588	21,547	21,514	21,469

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	ING	VIG
No 2	AIG LIFE	ALLIANZ TIRIAC
No 3	BCR Life Ins	ASTRA
No 4	ASIBAN	BCR Ins
No 5	AVIVA	ASIBAN

Intermediaries	
Total number of agents	
Total number of sub-agents	
Total number of brokers	

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	1,276	2,018	2,443	1,814
Total premiums by distribution channels (%)	-	-	-	100.00%
Direct writers	-	-	-	22.10%
Agents	-	-	-	38.00%
Brokers	-	-	-	28.70%
Bancassurance	-	-	-	8.00%
Other	-	-	-	0.20%
Number of employees in insurance companies	-	-	-	15,083
of which sales force	-	-	-	5407
Total number of undertakings	41	42	51	54
National	41	42	43	45
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	0	8	9
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	252	448	508	229
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Total number of undertakings	9	9	12	15
National	9	9	11	13
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	0	1	2
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	71.65%	98.23%	71.20%	80.64%
Market share of first 10 largest insurance undertakings (CR10)	95.02%	100.00%	93.74%	94.19%
Contracts (% of primary life premiums)	100%	-	-	-
Individual contracts	97.10%	-	-	-
Group contracts	2.90%	-	-	-
Contracts (number)	2,378	-	-	-
Individual contracts (number)	2,309	-	-	-
Group contracts (number)	69	-	-	-
Primary contracts	39.57%	-	-	-
Ancillary contracts	60.43%	-	-	-

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	1,024	1,570	1,936	1,585
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Total number of undertakings	19	21	27	28
National	19	21	20	21
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	0	7	7
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	62.65%	89.85%	60.89%	84.21%
Market share of first 10 largest insurance undertakings (CR10)	89.05%	97.69%	89.12%	96.55%

Composite	2006	2007	2008	2009
Total number of undertakings	13	12	12	11
National	13	12	12	11
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	0	0	0

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	1.31%	1.62%	1.75%	1.54%
Life premium to GDP ratio	0.26%	0.36%	0.36%	0.19%
Non-life premiums to GDP ratio	1.05%	1.26%	1.38%	1.35%
Number of life contract to total population ratio	11.02%	-	-	-
Average total premiums per capita	€59	€94	€114	€84
Average life premium per capita	€12	€21	€24	€11
Average non-life premium per capita	€47	€73	€90	€74
Life premium to total premiums ratio	19.79%	22.20%	20.79%	12.62%
Unit-linked contract to total life contracts ratio	16.86%	-	-	-
Life contract to total population ratio	11.02%	-	-	-

Complaints (per year)	2006	2007	2008	2009
Total	1,075	1,296	1,974	6,041

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	58.13%	21.08%	-25.76%	91.47%
Growth total life premium	77.43%	13.38%	-54.92%	101.17%
Growth total non-life premium	53.37%	23.28%	-18.11%	89.08%
Growth total complaints	20.56%	52.31%	206.03%	83.63%
Growth direct writers				-
Growth agents				-
Growth brokers				-
Growth bancassurance				-
Growth other				-

Key Trends over four year period	2006/2009
Growth total premium	42.15%
Growth total life premium	-9.31%
Growth total non-life premium	54.84%
Growth total complaints	461.95%

Slovakia

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	44,566	54,905	64,572	63,051
Population (thousands)	5,391	5,397	5,407	5,411

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	Allianz SP	Allianz SP
No 2	Kooperativa	Kooperativa
No 3	AMSLICO	G. S. poisťovňa
No 4	ING	UNIQA
No 5	Generali Slovensko	Komunalna

Intermediaries	
Total number of agents	
Total number of sub-agents	
Total number of brokers	

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	1,439	1,714	2,031	2,026
Total premiums by distribution channels (%)	100%	100%	100%	-
Direct writers	5.93%	5.36%	63.90%	-
Agents	60.12%	63.49%	34.01%	-
Brokers	33.93%	31.20%	0.20%	-
Bancassurance	0.00%	0.00%	0.00%	-
Other	0.02%	0.00%	1.89%	-
Number of employees in insurance companies	6,300	6,300	6,640	-
of which sales force	-	-	-	-
Total number of undertakings	0	35	35	34
National	0	23	23	20
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	12	12	14
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	680	853	1,066	1,062
Total premiums by distribution channels (%)	100%	100%	100%	-
Direct writers	3.00%	2.60%	62.00%	-
Agents	79.00%	78.70%	36.40%	-
Brokers	19.00%	18.80%	1.70%	-
Bancassurance	0.00%	0.00%	0.00%	-
Other	0.00%	0.00%	0.00%	-
Total number of undertakings	-	7	8	8
National	-	5	6	6
Branches of third (non- EU/EEA) countries	-	0	0	0
Branches of EU/EEA countries	-	2	2	2
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	-	74.78%	100.00%	100.00%
Market share of first 10 largest insurance undertakings (CR10)	-	93.41%	100.00%	100.00%
Contracts (% of primary life premiums)	100%	-	-	-
Individual contracts	100.00%	-	-	-
Group contracts	0.00%	-	-	-
Contracts (number)	7,427	-	-	-
Individual contracts (number)	7,427	-	-	-
Group contracts (number)	-	-	-	-
Primary contracts	100.00%	-	-	-
Ancillary contracts	0.00%	-	-	-

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	759	861	965	965
Total premiums by distribution channels (%)	100%	100%	100%	-
Direct writers	8.10%	8.10%	66.04%	-
Agents	48.38%	48.40%	31.53%	-
Brokers	43.52%	43.50%	2.43%	-
Bancassurance	0.00%	0.00%	0.00%	-
Other	0.00%	0.00%	0.00%	-
Total number of undertakings	-	12	13	12
National	-	4	4	2
Branches of third (non- EU/EEA) countries	-	0	0	0
Branches of EU/EEA countries	-	8	9	10
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	-	85.07%	100.00%	83.30%
Market share of first 10 largest insurance undertakings (CR10)	-	96.99%	100.00%	100.00%

Composite	2006	2007	2008	2009
Total number of undertakings	0	16	14	14
National	-	14	13	12
Branches of third (non- EU/EEA) countries	-	0	0	0
Branches of EU/EEA countries	-	2	1	2

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	3.23%	3.12%	3.15%	3.21%
Life premium to GDP ratio	1.53%	1.55%	1.65%	1.68%
Non-life premiums to GDP ratio	1.70%	1.57%	1.49%	1.53%
Number of life contract to total population ratio	137.77%	-	-	-
Average total premiums per capita	€267	€318	€376	€374
Average life premium per capita	€126	€158	€197	€196
Average non-life premium per capita	€141	€159	€179	€178
Life premium to total premiums ratio	47.28%	49.79%	52.47%	52.42%
Unit-linked contract to total life contracts ratio	-	-	-	-
Life contract to total population ratio	137.77%	-	-	-

Complaints (per year)	2006	2007	2008	2009
Total	-	-	-	-

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	19.08%	18.51%	-0.24%	41.12%
Growth total life premium	25.41%	24.89%	-0.34%	56.63%
Growth total non-life premium	13.41%	12.18%	-0.03%	27.22%
Growth total complaints	-	-	-	-
Growth direct writers				977.57%
Growth agents				-43.43%
Growth brokers				-99.41%
Growth bancassurance				-
Growth other				9350.00%

Key Trends over four year period	2006/2009
Growth total premium	40.78%
Growth total life premium	56.10%
Growth total non-life premium	27.18%
Growth total complaints	-

Slovenia

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	31,056	34,568	37,305	35,384
Population (thousands)	2,007	2,010	2,021	2,027

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	Triglav	Triglav
No 2	PFM	Adriatic Slovenica
No 3	KD Life	H. Ins. Mutual
No 4	Maribor	Maribor
No 5	Merkur	Triglav Health

Intermediaries	
Total number of agents	5160
Total number of sub-agents	-
Total number of brokers	331

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	1,726	1,894	2,019	2,073
Total premiums by distribution channels (%)	100%	100%	100%	-
Direct writers	14.90%	15.20%	13.60%	-
Agents	64.30%	62.00%	62.80%	-
Brokers	10.00%	11.90%	13.30%	-
Bancassurance	2.80%	3.10%	2.30%	-
Other	8.00%	7.80%	8.00%	-
Number of employees in insurance companies	5,992	6,064	6,331	6,306
of which sales force	2754	2675	2832	2813
Total number of undertakings	17	19	20	20
National	15	16	17	17
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	2	3	3	3
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	541	609	642	630
Total premiums by distribution channels (%)	100%	100%	100%	
Direct writers	1.30%	2.50%	2.20%	
Agents	57.20%	52.80%	52.90%	
Brokers	12.80%	16.30%	17.60%	
Bancassurance	8.00%	8.80%	6.40%	
Other	20.70%	19.60%	20.90%	
Total number of undertakings	1	2	2	3
National	1	2	2	3
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	0	0	0
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	84.73%	81.21%	81.21%	68.67%
Market share of first 10 largest insurance undertakings (CR10)	0.00%	100.00%	100.00%	92.95%
Contracts (% of primary life premiums)	100%	100%	100%	100%
Individual contracts	45.04%	39.57%	36.92%	38.10%
Group contracts	54.96%	60.43%	63.08%	61.90%
Contracts (number)	1,128	1,373	1,433	1,341
Individual contracts (number)	508	543	529	511
Group contracts (number)	620	829	904	830
Primary contracts	100.00%	100.00%	100.00%	100.00%
Ancillary contracts	0.00%	0.00%	0.00%	0.00%

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	1,185	1,285	1,377	1,443
Total premiums by distribution channels (%)	100%	100%	100%	
Direct writers	21.00%	21.20%	18.90%	
Agents	67.50%	66.30%	67.50%	
Brokers	8.80%	9.80%	11.20%	
Bancassurance	0.40%	0.40%	0.40%	
Other	2.30%	2.30%	2.00%	
Total number of undertakings	4	5	5	5
National	4	4	4	4
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	1	1	1
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	91.92%	90.72%	90.15%	91.71%
Market share of first 10 largest insurance undertakings (CR10)	99.79%	99.80%	99.77%	98.91%

Composite	2006	2007	2008	2009
Total number of undertakings	10	10	11	10
National	8	8	9	8
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	2	2	2	2

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	5.56%	5.48%	5.41%	5.86%
Life premium to GDP ratio	1.74%	1.76%	1.72%	1.78%
Non-life premiums to GDP ratio	3.82%	3.72%	3.69%	4.08%
Number of life contract to total population ratio	56.21%	68.29%	70.90%	66.16%
Average total premiums per capita	€860	€942	€999	€1,023
Average life premium per capita	€269	€303	€318	€311
Average non-life premium per capita	€590	€639	€681	€712
Life premium to total premiums ratio	31.34%	32.15%	31.80%	30.39%
Unit-linked contract to total life contracts ratio	43.13%	43.44%	46.35%	48.62%
Life contract to total population ratio	56.21%	68.29%	70.90%	66.16%

Complaints (per year)	2006	2007	2008	2009
Total	-	-	-	-

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	9.76%	6.60%	2.67%	17.00%
Growth total life premium	12.62%	5.42%	-1.87%	18.72%
Growth total non-life premium	8.45%	7.16%	4.79%	16.22%
Growth total complaints	-	-	-	-
Growth direct writers				-8.72%
Growth agents				-2.33%
Growth brokers				33.00%
Growth bancassurance				-17.86%
Growth other				0.00%

Key Trends over four year period	2006/2009
Growth total premium	20.13%
Growth total life premium	16.50%
Growth total non-life premium	21.79%
Growth total complaints	-

Spain

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	984,284	1,053,537	1,088,124	1,053,914
Population (thousands)	44,116	44,879	45,556	46,221

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	Santander	Mapfre
No 2	Zurich	Axa
No 3	Mapfre	Allianz
No 4	Aviva	Catalana-Occidente
No 5	Segurcaixa	Generali

Intermediaries	
Total number of agents	
Total number of sub-agents	
Total number of brokers	

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	52,836	54,297	60,086	60,374
Total premiums by distribution channels (%)	100%	100%	100%	-
Direct writers	16.79%	15.05%	14.51%	-
Agents	29.63%	27.73%	26.94%	-
Brokers	19.55%	18.21%	17.55%	-
Bancassurance	32.32%	37.29%	39.32%	-
Other	1.70%	1.72%	1.74%	-
Number of employees in insurance companies	48,049	47,991	49,203	-
of which sales force	-	-	-	-
Total number of undertakings	297	291	361	361
National	295	289	295	294
Branches of third (non- EU/EEA) countries	2	2	2	2
Branches of EU/EEA countries	0	0	64	65
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	23,341	23,241	27,489	28,538
Total premiums by distribution channels (%)	100%	100%	0%	-
Direct writers	7.63%	5.49%	5.50%	-
Agents	18.22%	13.65%	13.70%	-
Brokers	8.77%	6.72%	6.70%	-
Bancassurance	63.24%	72.25%	72.30%	-
Other	2.14%	1.89%	1.90%	-
Total number of undertakings	95	83	107	103
National	95	83	93	89
Branches of third (non- EU/EEA) countries	0	0	0	1
Branches of EU/EEA countries	0	0	14	13
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	41.00%	40.00%	41.00%	-
Market share of first 10 largest insurance undertakings (CR10)	66.00%	54.00%	57.00%	-
Contracts (% of primary life premiums)	100%	100%	0%	100%
Individual contracts	79.34%	85.00%	-	86.96%
Group contracts	20.66%	15.00%	-	13.04%
Contracts (number)	30,979	31,699	-	32,621
Individual contracts (number)	24,578	26,943	-	28,367
Group contracts (number)	6,400	4,756	-	4,253
Primary contracts	100.00%	100.00%	-	100.00%
Ancillary contracts	0.00%	0.00%	-	0.00%

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	29,495	31,056	32,597	31,836
Total premiums by distribution channels (%)	100%	100%	100%	-
Direct writers	24.04%	22.10%	22.10%	-
Agents	38.65%	38.11%	38.10%	-
Brokers	28.07%	26.69%	26.70%	-
Bancassurance	7.88%	11.49%	11.50%	-
Other	1.36%	1.61%	1.60%	-
Total number of undertakings	156	153	199	194
National	156	153	156	149
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	0	43	45
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	39.00%	30.00%	30.00%	-
Market share of first 10 largest insurance undertakings (CR10)	59.00%	48.00%	48.00%	-

Composite	2006	2007	2008	2009
Total number of undertakings	44	53	47	55
National	42	51	44	54
Branches of third (non- EU/EEA) countries	2	2	2	1
Branches of EU/EEA countries	0	0	1	0

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	5.37%	5.15%	5.52%	5.73%
Life premium to GDP ratio	2.37%	2.21%	2.53%	2.71%
Non-life premiums to GDP ratio	3.00%	2.95%	3.00%	3.02%
Number of life contract to total population ratio	70.22%	70.63%	-	70.58%
Average total premiums per capita	€1,198	€1,210	€1,319	€1,306
Average life premium per capita	€529	€518	€603	€617
Average non-life premium per capita	€669	€692	€716	€689
Life premium to total premiums ratio	44.18%	42.80%	45.75%	47.27%
Unit-linked contract to total life contracts ratio	2.29%	2.57%	-	2.89%
Life contract to total population ratio	70.22%	70.63%	-	70.58%

Complaints (per year)	2006	2007	2008	2009
Total	4,829	5,492	7,032	9,396

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	2.77%	10.66%	0.48%	13.72%
Growth total life premium	-0.43%	18.28%	3.81%	17.77%
Growth total non-life premium	5.29%	4.96%	-2.33%	10.52%
Growth total complaints	13.73%	28.04%	33.62%	45.62%
Growth direct writers				-13.63%
Growth agents				-9.09%
Growth brokers				-10.22%
Growth bancassurance				21.64%
Growth other				1.93%

Key Trends over four year period	2006/2009
Growth total premium	14.27%
Growth total life premium	22.26%
Growth total non-life premium	7.94%
Growth total complaints	94.57%

Sweden

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	318,171	337,944	333,256	290,908
Population (thousands)	9,081	9,148	9,220	9,280

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	Skandia	LF-group
No 2	SEB	If Skade
No 3	Folksam	Trygg-Hansa
No 4	AMF	Folksam
No 5	Alecta	Captive

Intermediaries	
Total number of agents	
Total number of sub-agents	
Total number of brokers	

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	23,079	24,887	24,706	23,244
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Number of employees in insurance companies	19,389	20,032	20,715	24,000
of which sales force	-	-	-	-
Total number of undertakings	206	206	218	227
National	181	181	193	199
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	25	25	25	28
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	15,452	17,508	17,723	17,963
Total premiums by distribution channels (%)	100%	-	-	-
Direct writers	28.00%	-	-	-
Agents	0.00%	-	-	-
Brokers	19.00%	-	-	-
Bancassurance	45.00%	-	-	-
Other	8.00%	-	-	-
Total number of undertakings	50	50	50	50
National	45	45	44	45
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	5	5	6	5
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	63.75%	63.75%	68.71%	88.40%
Market share of first 10 largest insurance undertakings (CR10)	84.06%	84.06%	90.36%	99.40%
Contracts (% of primary life premiums)	100%	100%	100%	100%
Individual contracts	58.37%	51.58%	37.49%	34.03%
Group contracts	41.63%	48.42%	62.51%	65.97%
Contracts (number)	32,881	36,220	40,477	41,472
Individual contracts (number)	19,192	18,682	15,174	14,114
Group contracts (number)	13,688	17,538	25,303	27,358
Primary contracts	88.22%	89.09%	86.59%	87.58%
Ancillary contracts	8.82%	8.67%	10.41%	9.31%

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	7,627	7,378	6,983	5,281
Total premiums by distribution channels (%)	-	-	-	-
Direct writers	-	-	-	-
Agents	-	-	-	-
Brokers	-	-	-	-
Bancassurance	-	-	-	-
Other	-	-	-	-
Total number of undertakings	151	151	160	172
National	131	131	141	149
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	20	20	19	23
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	64.70%	64.70%	61.53%	81.00%
Market share of first 10 largest insurance undertakings (CR10)	73.59%	73.59%	71.27%	94.90%

Composite	2006	2007	2008	2009
Total number of undertakings	0	0	0	0
National	0	0	0	0
Branches of third (non- EU/EEA) countries	0	0	0	0
Branches of EU/EEA countries	0	0	0	0

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	7.25%	7.36%	7.41%	7.99%
Life premium to GDP ratio	4.86%	5.18%	5.32%	6.17%
Non-life premiums to GDP ratio	2.40%	2.18%	2.10%	1.82%
Number of life contract to total population ratio	362.08%	395.93%	439.01%	446.89%
Average total premiums per capita	€2,541	€2,720	€2,680	€2,505
Average life premium per capita	€1,702	€1,914	€1,922	€1,936
Average non-life premium per capita	€840	€807	€757	€569
Life premium to total premiums ratio	66.95%	70.35%	71.74%	77.28%
Unit-linked contract to total life contracts ratio	13.98%	13.54%	11.20%	13.60%
Life contract to total population ratio	362.08%	395.93%	439.01%	446.89%

Complaints (per year)	2006	2007	2008	2009
Total (Queries and Complaints combined)	-	-	14,000	13,200

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	7.83%	-0.73%	-5.92%	7.05%
Growth total life premium	13.31%	1.23%	1.35%	14.70%
Growth total non-life premium	-3.26%	-5.36%	-24.37%	-8.44%
Growth total complaints	-	-	-5.71%	-
Growth direct writers				-
Growth agents				-
Growth brokers				-
Growth bancassurance				-
Growth other				-

Key Trends over four year period	2006/2009
Growth total premium	0.72%
Growth total life premium	16.25%
Growth total non-life premium	-30.76%
Growth total complaints	-

United Kingdom

Macroeconomic data	2006	2007	2008	2009
GDP (EUR millions in nominal terms)	1,948,518	2,052,847	1,815,417	1,565,750
Population (thousands)	60,621	60,996	61,352	61,707

Largest undertakings (in 2008)	Life-insurance	Non-life insurance
No 1	Aviva Plc	Aviva
No 2	Standard Life	RBS
No 3	HBOS Financial Services	AIG
No 4	Alico	AXA
No 5	Aegon	RSA

Intermediaries	
Total number of agents	
Total number of sub-agents	
Total number of brokers	

Overview	2006	2007	2008	2009
Total Premiums (EUR millions)	294,269	366,572	247,022	203,809
Total premiums by distribution channels (%)	100%	100%	100%	-
Direct writers	12.00%	11.90%	11.00%	-
Agents	14.90%	16.30%	16.40%	-
Brokers	67.10%	66.10%	63.20%	-
Bancassurance	3.00%	3.00%	4.80%	-
Other	3.00%	2.70%	4.60%	-
Number of employees in insurance companies	179,300	177,500	178,700	117,000
of which sales force	-	-	-	-
Total number of undertakings	370	427	419	395
National	358	414	406	381
Branches of third (non- EU/EEA) countries	9	10	10	14
Branches of EU/EEA countries	3	3	3	0
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)				
Market share of first 10 largest insurance undertakings (CR10)				

Life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	222,918	295,249	185,734	149,850
Total premiums by distribution channels (%)	100%	100%	100%	100%
Direct writers	7.10%	6.90%	4.00%	5.30%
Agents	20.00%	19.71%	27.00%	23.20%
Brokers	72.80%	73.40%	69.00%	71.60%
Bancassurance	0.00%	0.00%	0.00%	0.00%
Other	0.10%	0.01%	0.00%	0.00%
Total number of undertakings	121	149	142	130
National	120	148	141	129
Branches of third (non- EU/EEA) countries	1	1	1	1
Branches of EU/EEA countries	0	0	0	0
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	65.88%	58.95%	49.05%	98.81%
Market share of first 10 largest insurance undertakings (CR10)		71.90%	66.09%	99.99%
Contracts (% of primary life premiums)	100%	100%	100%	100%
Individual contracts	56.43%	49.37%	55.56%	45.10%
Group contracts	43.57%	50.63%	44.33%	54.90%
Contracts (number)	99,261	95,432	93,664	87,153
Individual contracts (number)	56,015	47,115	52,041	39,302
Group contracts (number)	43,246	48,317	41,518	47,851
Primary contracts	100.00%	100.00%	100.00%	100.00%
Ancillary contracts	0.00%	0.00%	0.00%	0.00%

Non-life-insurance	2006	2007	2008	2009
Total Premiums (EUR millions)	71,351	71,323	61,289	53,960
Total premiums by distribution channels (%)	100%	100%	100%	100%
Direct writers	22.20%	22.60%	22.40%	23.90%
Agents	3.80%	6.20%	5.20%	5.30%
Brokers	54.30%	54.40%	56.40%	56.90%
Bancassurance	9.90%	9.40%	9.80%	7.90%
Other	9.80%	7.40%	6.20%	6.00%
Total number of undertakings	199	207	209	201
National	191	199	201	192
Branches of third (non- EU/EEA) countries	6	6	6	9
Branches of EU/EEA countries	2	2	2	0
Concentration ratio (CR) in % of total gross written premiums in the domestic sector				
Market share of first 5 largest insurance undertakings (CR5)	36.14%	37.93%	40.41%	73.65%
Market share of first 10 largest insurance undertakings (CR10)	55.99%	57.45%	59.90%	95.38%

Composite	2006	2007	2008	2009
Total number of undertakings	27	44	43	42
National	25	40	39	38
Branches of third (non- EU/EEA) countries	1	3	3	4
Branches of EU/EEA countries	1	1	1	0

Key ratios	2006	2007	2008	2009
Total premiums to GDP ratio	15.10%	17.86%	13.61%	13.02%
Life premium to GDP ratio	11.44%	14.38%	10.23%	9.57%
Non-life premiums to GDP ratio	3.66%	3.47%	3.38%	3.45%
Number of life contract to total population ratio	163.74%	156.46%	152.67%	141.24%
Average total premiums per capita	€4,854	€6,010	€4,026	€3,303
Average life premium per capita	€3,677	€4,840	€3,027	€2,428
Average non-life premium per capita	€1,177	€1,169	€999	€874
Life premium to total premiums ratio	75.75%	80.54%	75.19%	73.52%
Unit-linked contract to total life contracts ratio	26.61%	29.90%	28.30%	28.70%
Life contract to total population ratio	163.74%	156.46%	152.67%	141.24%

Complaints (per year)	2006	2007	2008	2009
Total	14,270	15,730	27,286	50,168

Key Trends	2006/2007	2007/2008	2008/2009	2006/2008
Growth total premium	24.57%	-32.61%	-17.49%	-16.06%
Growth total life premium	32.45%	-37.09%	-19.32%	-16.68%
Growth total non-life premium	-0.04%	-14.07%	-11.96%	-14.10%
Growth total complaints	10.23%	73.46%	83.86%	91.21%
Growth direct writers				-8.33%
Growth agents				10.07%
Growth brokers				-5.81%
Growth bancassurance				60.00%
Growth other				53.33%

Key Trends over four year period	2006/2009
Growth total premium	-30.74%
Growth total life premium	-32.78%
Growth total non-life premium	-24.37%
Growth total complaints	251.56%

Notes on data tables

The vast majority of data was taken from the CEA. The below notes detail our specific calculations plus supplementary sources.

EU 27

i) Not full EU 27 coverage, but taken from below totals

2006 Austria, Belgium, Bulgaria, Spain, France, United Kingdom, Italy, Netherlands, Poland, Portugal, Slovenia, Slovakia

2007 Austria, Belgium, Bulgaria, Spain, France, United Kingdom, Italy, Netherlands, Poland, Portugal, Slovenia

2008 Austria, Belgium, Bulgaria, France, United Kingdom, Italy, Netherlands, Poland, Portugal, Slovenia, Slovakia

ii) Not full EU 27 coverage, but taken from below totals

2006 All EU 27 except of Bulgaria, Lithuania, Romania

2007 All EU 27 except of Bulgaria, Latvia, Romania

2008 All EU 27 except of Bulgaria, Latvia, Romania

iii) Not full EU 27 coverage, but taken from below totals

2006 Austria, Belgium, Bulgaria, Ireland, Spain, France, Italy, Lithuania, Malta, Netherlands, Poland, Portugal, Slovakia, UK

2007 Austria, Belgium, Bulgaria, Germany, Ireland, Spain, France, Italy, Lithuania, Malta, Netherlands, Poland, Portugal, Slovenia, UK

2008 Austria, Belgium, Bulgaria, Germany, Ireland, Spain, France, Italy, Malta, Netherlands, Poland, Portugal, Slovenia, UK

iv) Not full EU 27 coverage, but taken from below totals

2006 All EU 27 except of Estonia Greece Lithuania, Slovakia

v) Not full EU 27 coverage, but taken from below totals

2006 All EU 27 except of Estonia, Greece, Lithuania, Slovakia

2009 Ireland, Greece, France, Italy, Latvia, Lithuania, Luxembourg, Hungary, Malta, Netherlands, Portugal, Poland, Romania, Slovenia, Slovakia, Finland, Sweden, UK

vi) Not full EU 27 coverage, but taken from below totals

2006 All EU 27 except of Bulgaria, Czech Republic, Latvia, Lithuania,

2007 All EU 27 except of Czech Republic, Greece, Cyprus, Latvia, Hungary, Romania, Slovakia

2008 All EU 27 except of Czech Republic, Greece, Spain, Cyprus, Latvia, Luxembourg, Hungary, Romania, Slovakia

2009 All EU 27 except of Czech Republic, Greece, Cyprus, Latvia, Luxembourg, Hungary, Romania, Slovakia

vii) Not full EU 27 coverage, but taken from below totals

2006 All EU 27 except of Belgium, Bulgaria, Ireland, Greece, Lithuania,

2007 All EU 27 except of Belgium, Ireland, Greece, France, Cyprus, Lithuania, Hungary, Netherlands, Romania, Slovakia,

2008 All EU 27 except of Belgium, Ireland, Greece, Spain, France, Cyprus, Lithuania, Luxembourg, Hungary, Netherlands, Romania, Slovakia,

2009 All EU 27 except of Belgium, Ireland, Greece, France, Cyprus, Lithuania, Luxembourg, Hungary, Netherlands, Romania, Slovakia,

viii) Not full EU 27 coverage, but taken from below totals

2006 Austria, Denmark, Germany, Estonia, Spain, France, Italy, Cyprus, Luxembourg, Hungary, Malta, Netherlands, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden, UK

2007 Austria, Bulgaria, Denmark, Germany, Estonia, Spain, Italy, Luxembourg, Malta, Poland, Portugal, Slovenia, Finland, Sweden, UK

2008 Austria, Bulgaria, Denmark, Germany, Estonia, Italy, Malta, Poland, Portugal, Slovenia, Finland, Sweden, UK

2009 Austria, Bulgaria, Denmark, Germany, Estonia, Spain, Italy, Malta, Poland, Portugal, Slovenia, Finland, Sweden, UK

ix) Not full EU 27 coverage, but taken from below totals

2006 All EU 27 except of Belgium, Bulgaria, Czech Republic, Ireland, Latvia, Lithuania,

2007 All EU 27 except of Belgium, Czech Republic, Ireland, Greece, France, Cyprus, Latvia, Lithuania, Hungary, Netherlands, Romania, Slovakia,

2008 All EU 27 except of Belgium, Czech Republic, Ireland, Greece, Spain, France, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Netherlands, Romania, Slovakia,

2009 All EU 27 except of Belgium, Czech Republic, Ireland, Greece, France, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Netherlands, Romania, Slovakia,

x) Not full EU 27 coverage, but taken from below totals

2006 Austria, Belgium, Bulgaria, Ireland, Spain, France, Italy, Lithuania, Netherlands, Portugal, Poland, Slovenia, Slovakia, UK

2007 Austria, Belgium, Bulgaria, Germany, Ireland, Spain, France, Italy, Lithuania, Netherlands, Portugal, Poland, Slovenia, Slovakia, UK

2008 Austria, Belgium, Bulgaria, Germany, Ireland, France, Italy, Netherlands, Portugal, Poland, Slovenia, Slovakia, UK

xi) Not full EU 27 coverage, but taken from below totals

2006 Czech Republic, Denmark, Germany, Estonia, Spain, France, Cyprus, Hungary, Malta, Netherlands, Portugal, Poland, Romania, Slovenia, Slovakia, Finland, Sweden, UK

2007 Bulgaria, Czech Republic, Denmark, Germany, Estonia, Spain, Malta, Portugal, Poland, Romania, Slovenia, Slovakia, Finland, Sweden, UK

2008 Bulgaria, Czech Republic, Denmark, Germany, Estonia, Malta, Portugal, Poland, Romania,

2009 Bulgaria, Czech Republic, Denmark, Germany, Estonia, Spain, Malta, Portugal, Poland, Romania, Slovenia, Finland, Sweden, UK

xii) Not full EU 27 coverage, but taken from below totals

Austria, Belgium, Bulgaria, France, Italy, Netherlands, Portugal, Poland, Slovenia, Slovakia, UK

xiii) Not full EU 27 coverage, but taken from below totals

Austria, Belgium, France, Italy, Portugal, Poland, Slovenia, UK

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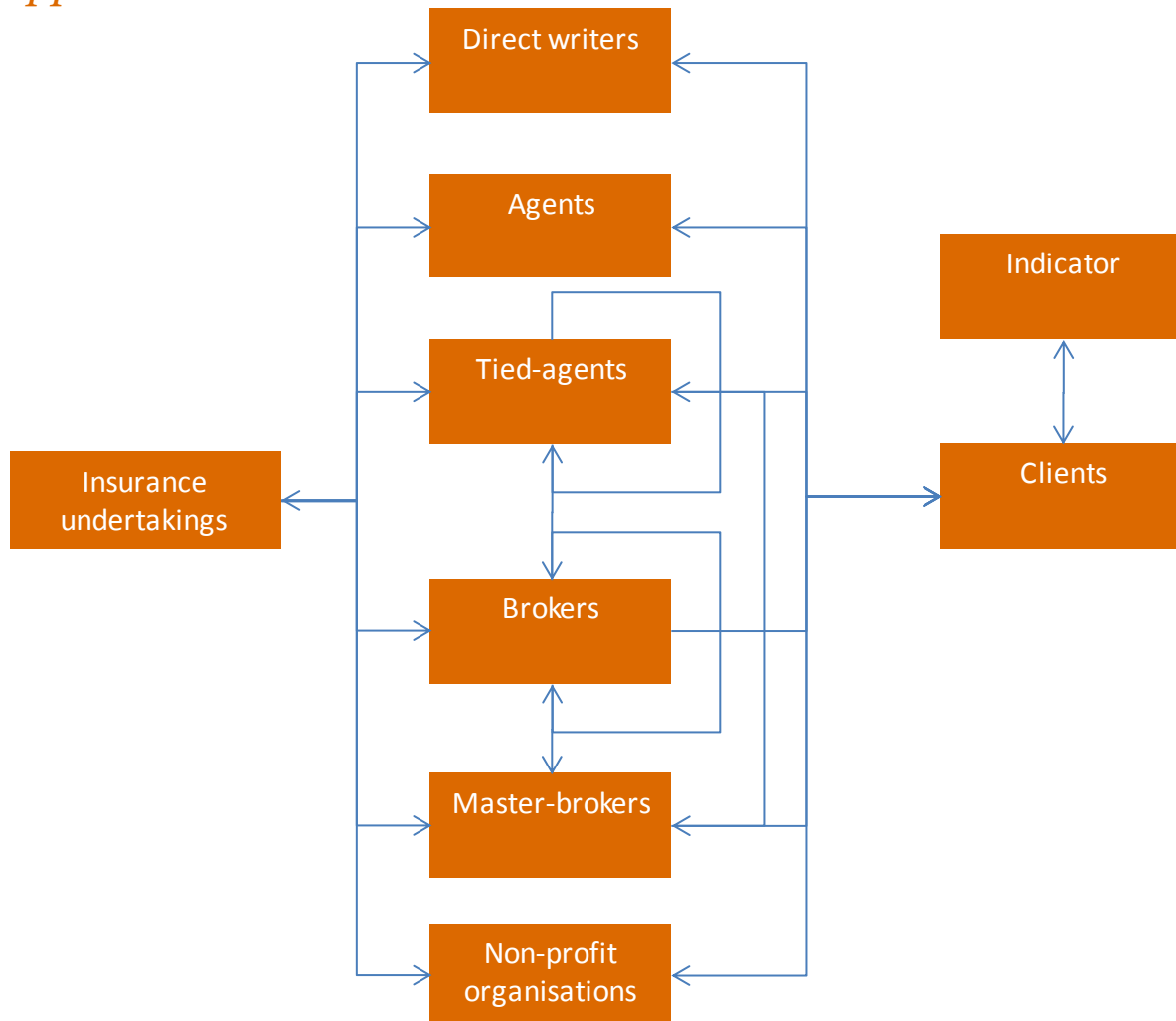
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Appendix 3: French Distribution Chain

The complexity of the distribution chain due to the multi-channel approach



Appendix 4: Matrix of Correlation

Matrix of correlation of the distribution channels on the life-insurance market

<i>Life-insurance market</i>	<i>Belgium</i>	<i>France</i>	<i>Germany</i>	<i>Finland</i>	<i>UK</i>
<i>Austria</i>	0.87	0.99	-0.07	n.a.	-0.23
<i>Belgium</i>	1.00	0.82	-0.12	n.a.	0.23
<i>Bulgaria</i>	-0.12	-0.44	0.42	n.a.	0.51
<i>Cyprus</i>	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Czech Republic</i>	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Denmark</i>	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Estonia</i>	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Finland</i>	n.a.	n.a.	n.a.	n.a.	n.a.
<i>France</i>	0.82	1.00	-0.02	n.a.	-0.28
<i>Germany</i>	-0.12	-0.02	1.00	n.a.	0.33
<i>Greece</i>	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Hungary</i>	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Ireland</i>	0.28	-0.24	-0.28	n.a.	0.51
<i>Italy</i>	0.57	0.92	0.28	n.a.	-0.40
<i>Latvia</i>	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Lithuania</i>	0.55	0.81	0.57	n.a.	-0.10
<i>Luxembourg</i>	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Malta</i>	0.64	0.94	-0.06	n.a.	-0.42
<i>Netherlands</i>	-0.35	-0.12	0.76	n.a.	-0.13
<i>Poland</i>	0.40	0.77	0.36	n.a.	-0.48
<i>Portugal</i>	0.66	0.97	0.10	n.a.	-0.39
<i>Romania</i>	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Slovakia</i>	-0.26	-0.27	0.09	n.a.	-0.19
<i>Slovenia</i>	-0.59	-0.48	0.84	n.a.	0.29
<i>Spain</i>	0.68	0.97	0.15	n.a.	-0.32
<i>Sweden</i>	0.86	0.88	-0.41	n.a.	-0.28
<i>UK</i>	0.23	-0.28	0.33	n.a.	1.00

Matrix of correlation of the distribution channels on the life-insurance market

<i>Non-life-insurance market</i>	<i>Belgium</i>	<i>France</i>	<i>Germany</i>	<i>Finland</i>	<i>UK</i>
<i>Austria</i>	0.79	0.51	-0.08	n.a.	0.80
<i>Belgium</i>	1.00	0.18	0.11	n.a.	0.98
<i>Bulgaria</i>	0.71	0.72	0.70	n.a.	0.58
<i>Cyprus</i>	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Czech Republic</i>	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Denmark</i>	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Estonia</i>	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Finland</i>	n.a.	n.a.	n.a.	n.a.	n.a.
<i>France</i>	0.18	1.00	0.55	n.a.	0.07
<i>Germany</i>	0.11	0.55	1.00	n.a.	-0.07
<i>Greece</i>	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Hungary</i>	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Ireland</i>	0.90	0.30	-0.15	n.a.	0.93
<i>Italy</i>	-0.14	0.62	0.96	n.a.	-0.31
<i>Latvia</i>	0.69	0.72	0.09	n.a.	0.67
<i>Lithuania</i>	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Luxembourg</i>	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Malta</i>	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Netherlands</i>	-0.22	0.90	0.34	n.a.	-0.30
<i>Poland</i>	0.00	0.84	0.89	n.a.	-0.17
<i>Portugal</i>	-0.02	0.64	0.98	n.a.	-0.20
<i>Romania</i>	0.49	0.82	0.83	n.a.	0.34
<i>Slovakia</i>	-0.07	0.85	0.10	n.a.	-0.10
<i>Slovenia</i>	-0.08	0.76	0.92	n.a.	-0.25
<i>Spain</i>	0.43	0.84	0.84	n.a.	0.28
<i>Sweden</i>	n.a.	n.a.	n.a.	n.a.	n.a.
<i>UK</i>	0.98	0.07	-0.07	n.a.	1.00

Appendix 5: List of Abbreviations/Acronyms

ABI – Association of British Insurers
ACP – *Autorité de Contrôle Prudentiel*
AIFA – Association of Independent Financial Advisers
AMI – Association of Mortgage Intermediaries
AMRAE – *Association pour le Management des Risques et des Assurances de l'Entreprise*
BaFin – *Bundesanstalt für Finanzdienstleistungsaufsicht*
BIBA – British Insurance Brokers Association
BIPAR – *Fédération européenne des intermédiaires d'assurances*
BZB – *Beroepsvereniging van zelfstandige bank – en verzekeringsbemiddelaars*
CBFA – *Commission Bancaire, Financière et des Assurances*
CCSF – *Comité consultatif du secteur financier*
CEA – *Comité Européen des Assurances*
CEIOPS – Committee of European Insurance and Occupational Pensions Supervisors
COBS – Conduct of Business Sourcebook
CR – Concentration Ratio
CRA – Charles Rivers Associates
CSCA – *Chambre Syndicale des Courtiers d'Assurances*
DMD – Distance Marketing Directive
EC – European Community
EEA – European Economic Area
EIOPA – European Insurance and Occupational Pensions Authority
EU – European Union
FAIDER – *Fédération des Associations Indépendantes de Défense des Epargnants pour la Retraite*
FBF – *Fédération Bancaire Française*
FBIA – *Groupement Français des Bancassureurs*
FIN-FSA – Finnish Financial Supervisory Authority
FSA – Financial Services Authority
GDP – Gross Domestic Product
GDV – *Gesamtverband der Deutschen Versicherungswirtschaft*
GISC – General Insurance Standards Council
GWP – Gross Written Premiums
ICOBS – Insurance Conduct of Business Sourcebook
IHK – *Industrie und Handelskammer*
ILAG – Investment and Life Assurance Group
IMD – Insurance Mediation Directive
IMF – International Monetary Fund
MiFID – Markets in Financial Instruments Directive
ORIAS – *l'Organisme pour le Registre des Intermédiaires d'Assurances*
p.a. – per annum
PCPs – *Personnes en contact avec le public*
PPI – Payment Protection Insurance
PRIPs – Packaged Retail Investment Products
RDR – Retail Distribution Review
RMI – Retail Motor Industry
SME – Small to Medium size Enterprise
UK – United Kingdom
VersVermV – *Versicherungsvermittlungsverordnung*
VVG – *Versicherungsvertragsgesetz*
VVG-InfoV – *Verordnung über Informationspflichten bei Versicherungsverträgen*