

# FINNIUS

## Legislative proposal implementing the Insurance Distribution Directive to the House of Representatives

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On 6 September 2017 the Minister of Finance sent the legislative proposal implementing the Insurance Distribution Directive (IDD) to the Dutch House of Representatives ([link, in Dutch](#)). This legislative proposal implements the IDD (no. 2016/97) in the Dutch Financial Supervision Act (DFSA) ([link](#)). The IDD applies to, inter alia, insurance advisers and intermediaries, authorized agents, and insurance companies that directly offer insurance (“direct writers”). The IDD must be implemented into national law by 23 February 2018. The proposal includes the following:

- There will be an exemption of the license obligation for intermediaries who conduct the insurance distribution business as an ancillary activity. This exemption is similar to the current exemption laid down in Art. 1:21 of the DFSA (which article will change significantly as a result of this legislative proposal), but will be more flexible, because, inter alia, the new exemption does not limit the duration of the insurance agreement (as is currently the case in art. 1:21 DFSA, namely a maximum duration of 5 years). The said exempted intermediaries (the IDD refers to these intermediaries as ‘ancillary insurance intermediaries’) must still comply with certain requirements, for example with respect to the provision of information.
- Prior to the conclusion of an insurance agreement a financial service provider must identify the demands and needs of the client based on the information provided by the client and solely provide information to the client on insurance that match the demands and needs. This obligation is applicable in case of either advice and execution only.
- Financial service providers that advise clients on insurance-based investment products must, prior to the conclusion of the contract, provide the client with a suitability statement specifying the advice.
- The legislative proposal also contains rules on cross-selling. Where an insurance product is ancillary to a good or a service which is not insurance, as part of a package or the same agreement, the insurance distributor shall offer the customer the possibility of buying the good or service separately.
- Additional rules with respect to insurance-based investment products (including conducting a proper policy relating to the prevention and management of conflicts of interest).

In addition, a number of provisions of the directive will be implemented in the Dutch Market Conduct Supervision (Financial Institutions) Decree, such as the rules with respect to precontractual information provision, and product oversight and governance requirements. The IDD implementation decree, in which these rules will be implemented, is not available yet.