

## KNOW YOUR BUSINESS!

INDEED

The new year has now started. Snowflakes swirl and also Blue We survived Monday. Now it is time to determine what regulations and legislation you will implement within your organization this year. The IDD is certainly part of that. The IDD applies to insurers, insurance advisors and intermediaries, reinsurers and companies that sell insurance as an additional addition to a product or service.

## Insurance Distribution Directive, Part 1

## Have you already done something about the IDD?

TEXT MINKE VERBERK, DIRECTOR OF INSURANCE ANALYSIS

The IDD is a European directive. The IDD contains standards for the distribution of insurance, including standards in the areas of transparency and the product development process. The IDD replaces the current Insurance Mediation Directive (IMD). The IDD was implemented into Dutch law on July 1, 2018. Market parties must comply with the new regulations as of October 1, 2018. It's now 2019, are you already in compliance?



But why an IDD again? The purpose of the IDD is, as described on the AFM website: 'to create a level playing field for all market parties involved in the sale of insurance, to improve consumer protection and to promote an internal market for financial services. The directive has in addition, the aim is to harmonize the sanctions for violations.'

## SANCTIONS

Sanctions, yes, you read that correctly, this new European directive coupled with a European Regulation makes it possible for the supervisor to impose appropriate sanctions, including on the intermediary, for example. While it used to be possible to set it up without any obligation, as of October 1, 2018 this is no longer the case and all market parties must comply with these regulations and also have a distribution process set up within the organization for this purpose.

Within the IDD a distinction is made between the developer of a product and the distributor. Both parties have different obligations that they must meet according to the IDD. A distributor (including an advisor or insurance intermediary) has obligations with regard to Product Development, Information Provision, Advice, Professional Competence and Business Processes.

## OBLIGATION

What exactly does the obligation for business processes mean for you as an advisor or insurance intermediary? The distributor sets up a distribution process for the product that ensures that:

- All necessary information from the developer is available, so that the distributor understands the characteristics of the product, the product approval process and the correct target group grabs;
- Damage to customers is prevented and reduced.
- Proper management of conflicts of interest within the organization is supported.
- The objectives, needs and characteristics of the target group are taken into account



## INSURANCE ANALYSIS

The Insurance Analysis is concerned with carrying out portfolio analyses, product comparisons and product development processes (PARP) of insurance products, where innovation is paramount.

See [www.deverzekeringsanalyse.nl](http://www.deverzekeringsanalyse.nl).