

From: Vincent J.Derudder [mailto:vincent.derudder@nucleuseuroalliance.eu]
Sent: Thursday, March 22, 2007 2:55 PM
To: COMP INS INQUIRY FEEDBACK
Subject: Consultation "Business Insurance"

Dear Sirs,

We take the pleasure to submit our reply to the consultation on business insurance.

Our Federation represents today approximately 290,000 European financial intermediaries and probably 60% of them are broking insurance business.

Intermediaries' remuneration

Our position is very firm on this issue: independent insurance intermediaries (brokers and multiple agents) do not have to disclose remuneration paid by insurers to their insurance broking clients.

We estimate that there are 300,000 financial intermediaries across Europe offering insurance brokerage to a population of small/medium size retail individual clients (natural persons or small enterprises).

They provide a service, which is unique, based on a face-to-face relationship, made of trust and confidence.

The client is interested in the cost and the service he gets in return.

He is not interested in the detail of who is getting what and how because it does not affect the total cost he has to pay.

To impose remuneration disclosure would probably cause loss of business to independent intermediaries for the benefit of large groups operating Internet direct sales for instance, providing no protection, no assistance, no support, and no advice to the client!

It will not be of assistance to the average consumer to be deprived of advice and support when entering into an insurance contract, which may be sometime a complex issue requesting some research, several meetings, etc.

It is important to avoid confusion between Large Corporate Clients and the average consumer who cannot afford to hire expensive consultants to advise him on the products and service available.

It is important also to avoid confusion between large international brokerage firms dealing with LCC mainly on a fee basis, and the independent intermediaries getting their remuneration out of commissions paid by insurers.

The average consumer is not prepared to pay fee for a service (only 3% of EU intermediaries are remunerated on a fee basis only).

As far as transparency is concerned, the requirement of the Insurance Mediation Directive are more than enough to establish a relationship of trust and confidence between independent intermediaries and the average consumer without adding a new condition which would benefit only the very large groups, to the detriment of the independent professionals and the SME's.

Our market represents 500,000 independent intermediaries, 700,000 other professionals involved and approximately 2,500,000 employees servicing 65,000,000 clients across the EU.

This market requires some protection too!

Please do not hesitate to come back to me if you require any assistance.

Kind regards,

Vincent J.Derudder
Secretary General

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