



The European Federation of Insurance Intermediaries
La Fédération européenne des intermédiaires d'assurances

BIPAR PRINCIPLES

Remuneration of intermediaries

Brussels, June 2003

BIPAR, the European Federation of Insurance Intermediaries

is a non-profit European organisation grouping professional associations of insurance intermediaries in Europe. It presently has a membership of 47 national associations, established in 31 countries, and represents some 80,000 insurance agents and brokers, employing in all about 250,000 people.

Founded in Paris in 1937, BIPAR has been established in Brussels since 1989. It is today the official and recognised voice of insurance intermediaries with the European Institutions.

Remuneration / Compensation of Insurance Intermediaries

Considering that:

- *Today's sophisticated insurance market often requires insurance agents and brokers, particularly in the commercial lines area, to provide their clients with risk management and insurance consulting services, which are beyond the services typically associated with the placement and servicing of a policy contract.*
- *Agents and brokers offer these additional services, not compensated for by commissions, as part of their expanding role as insurance professionals responding to their clients' risk needs.*
- *In some markets it is observed that insurers impose (or try to impose) unilaterally fixed maximum or minimum rates of commission or other forms of remuneration to intermediaries.*

- Principle 1** Every insurance intermediary has the right to be remunerated fairly for his or her services.
- Principle 2** Any remuneration or compensation for services of an intermediary should be considered as an issue between the parties.
- Principle 3** Legislation or concerted market agreements (or behaviour) limiting or imposing the rate or the means of remuneration is considered by BIPAR as a serious infringement of basic free market principles and would be against international market practice.
- Principle 4** Intermediaries may charge fees in addition to, in lieu of, or in combination with, commissions. In such case, the customer should be informed.