

European best practices in relation to relief measures offered to consumers and businesses in the context of COVID-19 crisis

14 July 2020

On Tuesday 14 July 2020, the European Commission published "*Best practices in relation to relief measures offered to consumers and businesses in the context of COVID-19 crisis*".

In the introduction of the "best practices", the Commission writes: "*Member States as well as banks, non-bank lenders and insurers have implemented a broad range of relief measures, [...] **At the same time, providers of financial services, including intermediaries, have sustained the services which they provide to the public.[...]. The European Commission acknowledges and welcomes these efforts, which show the engagement of both public and private institutions in supporting consumers and businesses to navigate through the financial aspects of this crisis***".

Juan Ramón Plá, the Chairman of BIPAR welcomes this recognition "*it is a recognition of the sustained activities of all intermediaries and distributors and their employees in very difficult and unprecedented circumstances*". "*It also shows that the regulatory and supervisory framework together with the business model of intermediation in practice has resulted in a fair situation which ensures continuity and resilience of the services to the consumers*".

Following the round table meetings organised by the Commission where these best practices were presented and discussed, ***the roundtable participants "encourage financial institutions in the EU to follow the best practices in this document on a best-effort basis in accordance with EU legislative requirements including competition law and without prejudice to regulatory obligations and supervisory expectations"***.

The best practices cover 5 areas of which four for bank and non-bank lending and one for insurers. The Commission clarifies in the introduction that ***the best practices "should be temporary and applied as long as they are still relevant depending on the situation in Member States"***.

Two of the best practices refer directly to intermediaries:

Best practice 9: "*Insurers, with the support of distributors and intermediaries, are encouraged, in accordance with applicable legal requirements, to protect the interests of savers in long-term savings products by discouraging any hasty redemptions or reallocations of funds, which realise short-term losses due to falls in asset values caused by the pandemic.*" and

Best practice 2: "*All market participants are encouraged to continue to act in the best interests of consumers, throughout the lifecycle of their relationship with the consumer*".

Paul Carty, the Chairman of the EU Affairs of BIPAR commented: "*Both best practices applicable to intermediaries are in line with both the existing behaviour of intermediaries and the rules in the IDD and although every situation needs to be considered individually we have called upon our national associations to inform/remind their members about these best practices as widely as possible*".

Nic De Maesschalck, Director of BIPAR said in this respect: "*Covid-19 has confronted all consumers and business, including the insurance and financial industry and the intermediaries with unprecedented challenges. The industry and consumers' dialogue with European institutions and supervisors is an important starting point for reflection about possible measures in relation to possible future pandemics*".

BIPAR is the European Federation of Insurance Intermediaries. It groups 50 national associations in 30 countries. Through its national associations, BIPAR represents the interests of insurance agents and brokers and financial intermediaries in Europe.

Apart from some large multinationals, the insurance intermediation sector consists of hundreds of thousands of SMEs and micro-type operators. It accounts for 0.7% of European GDP, and over one million people are active in the sector. Insurance and financial intermediaries facilitate the insurance and financial process for several hundreds of millions of customers. The variety of business models, the high level of competition and the geographical spread in the sector ensure that everyone in Europe has easy access to tailor-made insurance and financial services. The sector is highly regulated and strictly supervised.

BIPAR is a member of the World Federation of Insurance Intermediaries (WFI). Founded in Paris in 1937, BIPAR has been established in Brussels since 1989.

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