



About insurance and financial intermediation

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1. BIPAR, the European Federation of Insurance Intermediaries

○ What is BIPAR?

BIPAR is the European Federation of insurance and financial intermediaries, which groups 47 national associations in 30 countries. BIPAR and its national associations represent insurance as well as financial intermediaries, ranging from multinational companies to small and medium-sized enterprises (SMEs) and micro-enterprises.

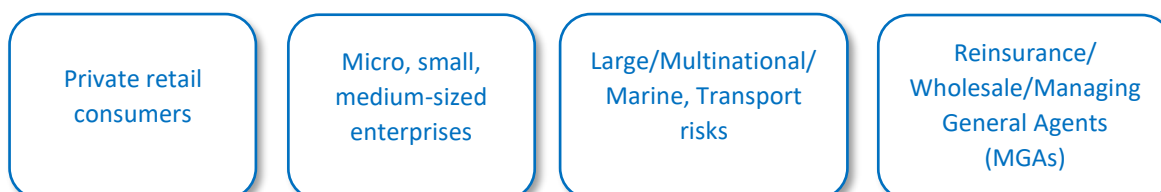
Intermediation is a mature, highly regulated and supervised activity which meets the highest professional standards.

○ What kind of intermediation activities do BIPAR's national member associations represent?

By type of solution



By type of client/ risk

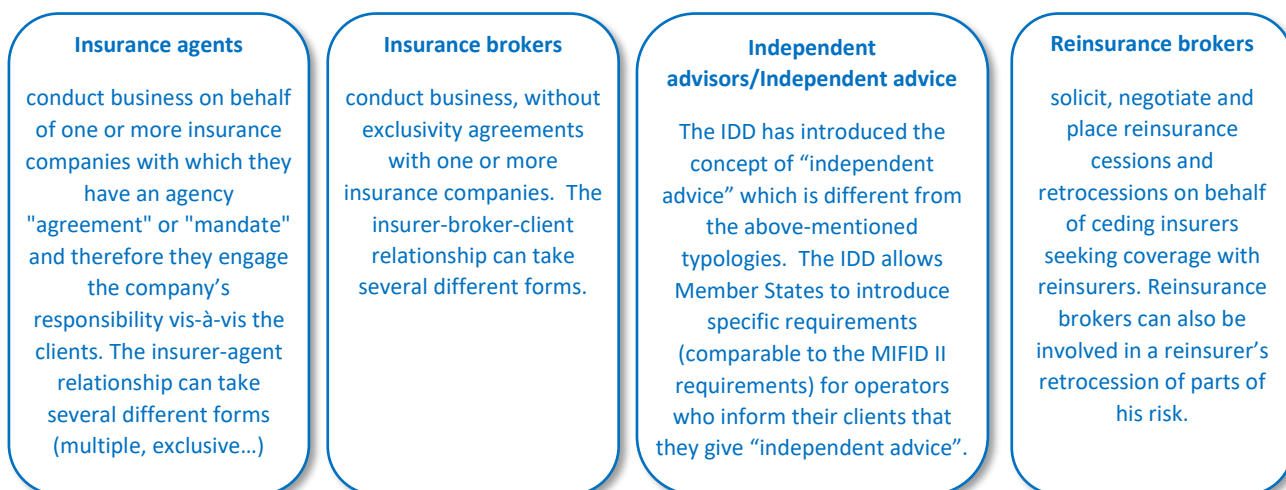


○ Who do BIPAR's member associations represent?

European rules do not refer to the distinction between types of intermediaries (brokers, agents, financial advisors) and adopts an activity-based approach (intermediation). Some EU Member States have retained the reference to agents and brokers and other types of intermediaries in their laws.

All intermediaries assist clients in the analysis of their needs and in the choice of their insurance by presenting them with alternatives in terms of insurance solutions and contracts. Intermediaries exist because to the choices exercised by consumers to avail of their services – there is no compulsion legal or otherwise – it is by consumer choice.

In the Member States which have the reference to different types of intermediaries in their laws, the following are, in general, the distinctions that can be made:



There are intermediaries who combine activities (and comply with the respective rules applicable to their activity)



o **What values unite the intermediaries represented by BIPAR's member associations?**

- They are driven by a common desire to provide the best possible support to consumers, very small enterprises, SMEs and large companies in their choice of insurance or financial investment.
- In an increasingly competitive world, they exist because of their professionalism, the quality of the services they offer and the long-term support of the consumers they serve.
- They combine digital tools with personalised human support for their customers.
- They are an essential tool for raising awareness among their clients of the challenges of combating global warming and, more generally, promoting environmental, social and governance (ESG) issues.
- Operating under a protective and supervised regulatory status, the members of BIPAR associations are the defenders of the proper application of European consumer rights.
- Intermediaries offer "financial well-being" to their clients, which has a positive impact on the economy in general.

2. BIPAR as a stakeholder in the European ambitions for the decade 2020-2030

○ Intermediaries, actors of the recovery in the regions

BIPAR's members are national associations that represent mainly small and medium-sized intermediaries or family businesses at the national level.

These intermediaries:

- are an integral part of the economic, social and territorial environment in which their clients operate. As a result, they have an in-depth knowledge of both their clients and the tailor-made products and services they offer.
- take an active part in the single market: they allow insurers/producers to offer services in different Member States and consumers to access insurance services throughout Europe.
- are also catalysts for greater competition in the insurance and financial sectors, and are encouraging all players to offer innovative and competitive products and services.
- work within a European regulatory framework that protects consumers. A very large number of texts, in particular the Directives on insurance distribution (IDD) and on markets in financial instruments Directive (MiFID) apply and make it possible to reinforce transparency on the activity and the transmission of information to customers while making the provision of the best service a priority in a highly competitive market.
- facilitate and support the insurance/investment process and communication between consumers and insurers/producers in a spirit of confidentiality and trust, empathy and efficiency.

In a world and economy in constant motion, insurance and financial intermediaries accompany the changes by providing solutions adapted to the new risks as close as possible to consumers and companies.

BIPAR and its member associations promote at national and European level a consistent and extensive application and supervision of the principles defined in the IDD, MiFID II and other legislation.

Intermediaries have many regulatory obligations that BIPAR and its national associations support (training, information, transparency obligations, etc.) and which enhance consumer protection.

As Europe fully embraces the digital and climate transitions, BIPAR considers it important to ensure a proportionate approach for small and medium-sized players and regulatory stability. This is essential to reduce administrative and compliance costs, to ensure legal certainty for all operators including start-ups and SMEs and to ensure customer and business confidence.

○ Intermediaries, convinced actors of the digital transition

Intermediaries who are members of BIPAR's national associations **play an important role in the digital transition by developing and implementing innovative solutions for services between customers and insurers.** Customers can choose, via intermediaries, from a wide range of services thanks to a wide variety and combination of tools and systems (apps, web, phone and... face-to-face meetings). Intermediaries **combine the best of technology with the best of human interaction – depending on the wishes/needs of the client.**

With this “hybrid” approach, intermediaries can ensure **real inclusion and transition** in the access of insurance services and products, both for “hyper-connected” consumers and for those on the “digital fringe”.

Intermediaries are able to follow the entire life cycle of the insurance service, from distribution to after-sales service and assist the client in a resilient way in times of claims or crisis. Combining a personalised human approach with the use of digital tools, he/she offers the most appropriate and flexible service but also “emotional” assistance to meet the challenges of today's world.

Protection of personal data and consumers, development of ethical artificial intelligence, future insurance against cyber risk: intermediaries are able to bring the potential of new technologies to consumers while ensuring safeguards against the risks associated with their development.

In terms of regulation, BIPAR supports the following principles:

- ✓ *Ensuring an ethical approach to new technologies which is based on European principles and values;*
- ✓ *The same activities must (proportionally) be subject to the same rules (“level playing field” and “activity-based”), whether it be for safety reasons or because of competition between the players in the sector;*
- ✓ *Achieving a single market for data, where the consumer becomes again the “owner” of all his/her data so that the intermediary can continue to be able to offer the appropriate service, in accordance with the rules on the protection of personal data (GDPR).*

○ **Intermediaries, committed players in the climate transition**

Close to their customers, the intermediaries who are members of BIPAR's national associations, are one of the "cornerstones" for promoting the distribution of "sustainable" investment, financial and insurance products throughout Europe. Raising awareness of the climate change issue will be a long-term task for which the intermediaries represented by BIPAR and its member associations, will be indispensable.

As actors in the fight against global warming, they create risk awareness and are able to offer products and services to protect oneself against the consequences of climate change, whether it be the risk of flooding, severe drought or rising water levels.

Intermediaries are the first to notice the losses (and human suffering) linked to the progression of extreme meteorological events, and they know how to propose solutions as close to the ground as possible, whether in rural or urban areas, and thus strengthen insurance coverage or help clients and insurers to manage certain risks in an innovative way that has become sometimes difficult to insure. Indeed, according to a [report](#) quoted by the European Commission, "a 1% increase in insurance coverage could reduce the cost of climate-related disasters borne by taxpayers or governments worldwide by 22%".

BIPAR and its members wish:

- ✓ *to be fully involved in the concrete implementation of European provisions on the promotion of products and services that meet environmental, social and governance challenges;*
- ✓ *to contribute to the assessment of new risks associated with the consequences of global warming;*
- ✓ *a proportionate approach to the reporting requirements for smaller actors - in particular ensuring that the requirements for larger entities do not apply uniformly to SMEs.*

3. More about intermediaries ...

European rules do not refer to the distinction between agents and brokers and adopts an activity-based approach (intermediation). Some EU Member States have retained the reference to agents and brokers in their laws.

All intermediaries assist clients in the analysis of their demands and needs and in the choice of their insurance by presenting them with alternatives in terms of insurance solutions and contracts.

Intermediaries represented by BIPAR can intermediate in non-life insurance, life insurance, insurance-based investment products (IBIPs) or in MiFID II products. Some intermediaries may specialise in specific lines of business, types of client or types of activities in the value chain. Some intermediaries serve other intermediaries in specific areas of the value chain. In the business lines of insurance, intermediaries also offer tailor-made services and offer risk management services, captive services or multinational placement services. Intermediaries represented by BIPAR and its national associations are specialised in servicing private consumers, others in servicing SMEs or large multinational risks.

Most intermediaries are small or micro-enterprises, established near to the consumer in the “High Street” of each and every city and village. They render personalised services to local private clients and smaller businesses. Their services and presence offer financial wellbeing to consumers who choose to have service. They are in competition with a variety of distributors, and other intermediaries (banks, direct writers, e-commerce, car dealers, ...).

Many intermediaries are SME-type enterprises servicing SMEs in all sectors of the economy at local, regional or national level. These intermediaries follow increasingly their clients abroad when they export or import or set up branches or subsidiaries outside their national borders.

Some intermediaries are large enterprises or are part of a group or network. They work Europe-wide or even globally, serving a wide range of mainly business clients.

Some intermediaries also handle reinsurance business.

Intermediaries add value to the insurance process for both parties in the insurance contract, insurer and client. Intermediaries are paid by the insurer and/or the client, by commission (most common in retail business because this mutualizes the cost) or by a fee.

Intermediaries play an important role in the insurance process.

For **clients**, intermediaries :

- identify the risks clients face;
- ensure that clients take informed decisions about the risks they wish to insure;
- design new and innovative solutions;
- reduce the clients' search costs;
- put their knowledge at the service of the clients;
- assist their clients with claims related services and policy administration services.

For **insurers**, intermediaries:

- facilitate entry into the market by new insurance companies, by providing them with a wide client base, without having to incur the costs of building a distribution network, which is important in terms of the development of a European Single Market;
- assist insurers with claims-related services and policy administration services;
- are providers of risk analysis and advice to underwriters

Do you want to know more about intermediaries in your national market? Visit the website of one of our national associations via <https://www.bipar.eu/en/members>