

Chapter 5

Guidance on insurance distribution activities

5.16 Meaning of ‘insurance distribution’ and ‘reinsurance distribution’

5.16.1 G ■ PERG 5.16.2 G sets out the text of article 2.1(1), 2.1(2) and 2.2 of the *IDD*. It is referred to in ■ PERG 5.2.5 G and ■ PERG 5.2.6R (Approach to implementation of the *IDD*), ■ PERG 5.8.13G (Advice must relate to the merits of buying or selling a contract of insurance), ■ PERG 5.11.7 G (Exclusions disapplied in connection with insurance distribution) and ■ PERG 5.11.10 G (Activities carried on in the course of a profession or non-investment business).

5.16.2 G

(1) Text of article 2.1(1) of the Insurance Distribution Directive

“‘Insurance distribution’ means the activities of advising on, proposing or carrying out other work preparatory to the conclusion of contracts of insurance, of concluding such contracts, or of assisting in the administration and performance of such contracts, in particular in the event of a claim, including the provision of information concerning one or more insurance contracts in accordance with criteria selected by customers through a website or other media and the compilation of an insurance product ranking list, including price and product comparison, or a discount on the price of an insurance contract, when the customer is able to directly or indirectly conclude an insurance contract using a website or other media.

(2) Text of article 2.1(2) of the Insurance Distribution Directive

“‘Reinsurance distribution’ means the activities of advising on, proposing or carrying out other work preparatory to the conclusion of contracts of insurance, of concluding such contracts, or of assisting in the administration and performance of such contracts, in particular in the event of a claim”.

(3) Text of article 2.2 of the Insurance Distribution Directive

“For the purposes of points (1) and (2) of paragraph 1, the following shall not be considered to constitute insurance distribution or reinsurance distribution:

(a) the provision of information on an incidental basis in the context of another professional activity where:

(i) the provider does not take any additional steps to assist in concluding or performing an insurance contract;

(ii) the purpose of that activity is not to assist the customer in concluding or performing a reinsurance contract;

- (b) the management of claims of an insurance undertaking or of a reinsurance undertaking on a professional basis, and loss adjusting and expert appraisal of claims;
- (c) the mere provision of data and information on potential policyholders to insurance intermediaries, reinsurance intermediaries, insurance undertakings or reinsurance undertakings where the provider does not take any additional steps to assist in the conclusion of an insurance or reinsurance contract;
- (d) the mere provision of information about insurance or reinsurance products, an insurance intermediary, a reinsurance intermediary, an insurance undertaking or a reinsurance undertaking to potential policyholders where the provider does not take any additional steps to assist in the conclusion of an insurance or reinsurance contract."