

---

## The Impact and Challenges of the Insurance Distribution Directive (IDD) on Maltese Insurance Undertakings\*

---

Submitted 20/12/19, 1<sup>st</sup> revision 25/01/20, 2<sup>nd</sup> revision 21/02/20 accepted 03/03/20

Stefan J. Vella<sup>1</sup>, Simon Grima<sup>2</sup>, Eleftherios I. Thalassinos<sup>3</sup>

**Abstract:**

**Purpose:** With this paper the authors bring to light the impact and challenges of the Directive on the Maltese insurance undertakings. To this effect, a comprehensive examination is conducted on the insurance undertakings in Malta. Literature deals with the regulation of the single European insurance market and what led to the introduction of the Insurance Distribution Directive.

**Design/Approach/Methodology:** To this effect, a comprehensive examination is conducted on the insurance undertakings in Malta. Literature deals with the regulation of the single European insurance market and what led to the introduction of the Insurance Distribution Directive. Furthermore, the salient requirements of the Directive are analysed.

**Findings:** Data analyses suggest that local insurance undertakings will be facing challenges to their business model, selling practices and distribution network. In addition to the above, moderate to high costs are expected in relation to administration and training.

**Practical Implications:** With no delegated acts yet and the limited communication issued in relation to the transposition of the Insurance Distribution Directive into local legislation/regulation, insurance undertakings have little time to fully prepare for the adaptation of the new requirements.

**Originality/Value:** Although, all States might be represented in the decision process, the larger, than Malta, states usually take over and sometimes dictate the final decision. The concept of proportionality in regulations is not clean and is not effectively managed, at the disadvantage of the smaller states. Therefore, this paper is important since it voices the cries of smaller states and allows for an understanding of the impact and implications of new regulations to smaller jurisdictions, in this case within the EU.

**Keywords:** European single market, distribution, insurance undertakings.

**JEL code:** G22.

**Paper type:** Research study.

---

<sup>1</sup>University of Malta, Graduate, Faculty of Economics, Management and Accountancy, [stefan.vella24@gmail.com](mailto:stefan.vella24@gmail.com)

<sup>2</sup>University of Malta, Senior Lecturer, Department of Insurance, Faculty of Economics, Management and Accountancy, [simon.grima@um.edu.mt](mailto:simon.grima@um.edu.mt)

<sup>3</sup>Professor, University of Piraeus, Aff. Professor University of Malta, [thalassinos@ersj.eu](mailto:thalassinos@ersj.eu)

\*This paper is based on the unpublished thesis by Vella S.J. carried out in 2017 – “The Insurance Distribution Directive: Its Impact and Challenges on Local Insurance Undertakings”, Faculty of Laws, University of Malta, supervised by Dr. Simon Grima.

## 1. Introduction

The lack of a single insurance market has been frequently criticised in literature (Nemeth, 2001). Although subject to harmonisation measures since 1964, the 1 of July 1994 is the date realised for the completion of the European insurance market. The European Single Market was created to facilitate the access to insurance services for consumers in other Member States and to allow insurance companies to open new distribution markets for their products (European Consumer Centre Germany, 2014). To this effect, it is expected to promote competition among insurance companies (Hogan, 1995) and protect customers, particularly individuals, for whom the safe delivery of promised benefits could be vital (Nemeth, 2001).

Since its adoption 15 years ago, the Insurance Mediation Directive (2002/92/EC) regulated insurance intermediaries' activities. Due to the minimum harmonisation requirements, the insurance industry has been subject to deficiencies, with considerable variations in the application of the Insurance Mediation Directive between EU countries (CPA international, 2007). Following a long reform process initiated in 2009, the final text of the Insurance Distribution Directive (EU 2016/97) was finally agreed upon at European level just before Christmas 2015 and came into force on 22 February 2016 when it was published in the Official Journal of the European Union (Addleshaw, 2017). This means that the Insurance Mediation Directive would be repealed and Member States have until the 23 February 2018 to transpose the Insurance Distribution Directive into national legislation (EU 2016/97).

While insurance, banking and securities markets are closely related to each other, insurance serves a number of valuable economic functions that are largely distinct from other types of financial products. Typically, insurance contracts involve small periodic payments in return for protection against uncertain, but potentially severe losses (Bainard, 2008) With the objective of having equal levels of protection for consumers purchasing insurance products across the EU, the Commission has introduced a new Directive which should provide for significant changes in practices of selling insurance products and guarantee an enhanced level of consumer protection (Domaradzka, 2012). Insurance distribution structures across EU insurance markets are diverse and complex. The main market players include intermediaries, insurance companies and *bancassurances* (Directive Staff Working paper Annex 2, 2012). Insurance undertakings have never been regulated before in the field of intermediation/distribution. By covering direct-selling, the Insurance Distribution Directive significantly expands the scope of the current insurance mediation regime and, subsequently, also the number of protected policyholders (Damaradzka, 2012). This reportedly results in the Insurance Distribution Directive covering about 98% of the market, compared to about 48% of the market covered by the Insurance Mediation Directive. In Malta, the significance of the change is not yet known. However, the new Directive does contain specific information provisions that may add cost and complexity to insurers' direct sales processes.

## **2. Research Objective**

In order to assess the impact and resulting challenges of the Insurance Distribution Directive on local insurance undertakings, an in-depth analysis has been carried out on the main provisions of the Insurance Distribution Directive. Consequently, various proposals at EU level and other studies conducted during the implementation phases of the Directive were consulted.

Following the above, it is intended that this study should:

- Improve the understanding of the EU insurance market and facilitate a deeper knowledge of its structure and functioning;
- Analyse the main changes introduced in the Insurance Distribution Directive that will have a direct or indirect impact on local insurance undertakings;
- Gather factual evidence on the impact and challenges of the Insurance Distribution Directive on local insurance undertakings;
- Assess the consequences of the changes introduced in the Insurance Distribution Directive.

### **2.1 Research Questions**

During the implementation phase of the Directive, impact assessments have been conducted by the European Commission on possible implications to the insurance sector relating to the revision of the Insurance Mediation Directive. These were carried out mainly in Member States such as Belgium, Finland, France, Germany and the United Kingdom (ETD/2007/IM/B2/51). The different market practices that exist in the above-mentioned Member States and in Malta, and the period in the timeline of the Directive when the impact assessments were carried out, make it difficult to formulate hypothesis for this study. However, significant matters were taken into consideration and the following research questions have been raised:

- What challenges will insurance undertakings be facing?
- What are the implications on the distribution channels and business model of undertakings?
- Will the new Directive bring about additional costs?
- Do undertakings have sufficient manpower to keep abreast with the new regulations?

### **2.2 Research Outline**

In a nutshell, this study tries to identify the impact and resulting challenges of the Insurance Distribution Directive on local insurance undertakings. In order to achieve this, the upcoming chapters will consist of:

- Review of the legislative framework prior to the Insurance Distribution Directive and the need for such new Directive;
- The main provisions of the Insurance Distribution Directive;
- The methodological approach taken for the study;
- Findings and analysis of data collected;
- A discussion and conclusion based on the analysis of the results.

### **3. Regulation of the Single European Insurance Market**

One of the main priorities of the European Commission is to build a strong Single Market with the aim of having more opportunities for business, more choice for consumers, lower prices and better services. Insurance is a crucial business and an important link within the financial sector chain, insuring businesses against risk and investing premiums in the wider European economy ((Speech/15/3981/2015)

The development of the single market has affected the insurance industry and various Directives have been developed throughout the years. This chapter will focus on how the legislative framework for insurance distribution evolved since the 1970s and the events that brought about the need for a revision to the Insurance Mediation Directive and adopt the Insurance Distribution Directive.

#### **3.1 The EU Single Market**

The establishment of a common or single market has been the cornerstone of European integration since its inception in 1957. This was enshrined in the Treaty of Rome as the main policy goal of the European Economic Community ('EEC') but the process to achieve it has proved to be very complex and sometimes ineffective. A commonly held opinion among observers nowadays is that the single market is far from being complete (Mariniello *et al.*, 2015).

The EU Single Market allows people, services, goods and capital to move freely in an economy producing around 15 trillion euro annually. It offers new opportunities to European businesses, enhancing competition and leading to more choice, better services, as well as lower prices for over 500 million consumers. The retail financial services are an integral part of people's daily lives, including bank accounts, payment cards, insurance and long-term savings products, notably to prepare for retirement. However, markets for these services remain fragmented, notwithstanding the high degree of harmonisation that has been achieved over recent years (COM/139/2017).

#### **3.2 Contribution to the Economy**

Insurance is a very complex financial service, covering a large number of different types of risk and having the potential to impact on every area of our lives (Boleat,

1995). Insurance makes a major contribution to economic growth and development. It facilitates economic transactions by providing risk transfer and indemnification, encouraging risk management and the promotion of safe practices. With a 32% share of the global market, the European insurance industry is the largest in the world, followed by North America (31%) and Asia (30%) (Insurance Europe, Key Facts 2016).

The traditional insurance policies include life insurance and general insurance, (also known as non-life insurance policies). The latter, such as automobile and homeowners' policies, provide payments according to the loss suffered as a result of a particular event. On the other hand, life insurance has two categories. The first category is easily understandable for consumers and has a long tradition, such as term life insurance policy, which pays a specified amount of money if the policyholder passes away during the term of the policy. The second category covers the riskier and more complex products, which are in substance investments (Commission, Staff Working Paper Annex 2, 2012).

#### **4. The Changing Nature of the Distribution Channels**

Distribution is a key determinant of success of all insurance companies (Bashir *et al.*, 2013). Distribution means the chain of businesses or intermediaries through which a good or service passes until it reaches the end consumer (Zieniewicz, 2014). Insurance distribution structures across EU insurance markets are diverse and complex (Commission, Staff Working Paper Annex 2, 2012) and are handled in a number of ways. Insurers sell their products either directly or through a variety of distribution channels. A direct distribution means the movement of goods directly from the insurance company to the client without intermediaries. Traditionally, this is the sale of an insurance product in the branch of the insurance company (Zieniewicz, 2014).

The most common distribution channel is through the use of insurance intermediaries. Insurance intermediaries facilitate the placement and purchase of insurance, and provide services to insurance companies and consumers that complement the insurance placement process. Traditionally, these are called agents or brokers (The World Federation of Insurance Intermediaries, 2016). The distinction between agents and brokers is a subtle one (Cummins *et al.*, 2005).

Insurance agents are, in general, licensed to conduct business on behalf of insurance companies, representing the insurer in the insurance process. In some markets, agents are 'independent' and work with more than one insurance company (The World Federation of Insurance Intermediaries, 2016). On the other hand, brokers are intermediaries independent of the insurers and typically have access to the whole market, or a wide selection of it (Europe Economics, Distribution Channels in Insurance, 2013). They typically work for the policyholder in the insurance process and act independently in relation to insurers (The World Federation of Insurance

Intermediaries, 2016).

Banks may have aided the success of channel in some products and markets. Branded as ‘*the modern distribution channel*’, together with finance intermediates, call centres or travel agents, banks have been motivated to generate income by selling to their customers additional wealth management products and services such as insurance. This is the result of continued environmental, operational and technological changes that have led to the development of multiple distribution channels in the insurance industry. Insurers no longer rely solely on traditional channels such as agents and brokers, but have developed new alternate channels to drive growth at lower costs (Bhattand, 2012). Consumers are harnessing the power of the Internet to get informed about, shop around for, and to buy insurance. The use of social media and advanced IT tools are making it easier for insurers and intermediaries to communicate, allowing them to conduct business in real time and to meet customers’ expectations (SPEECH/15/3981/2015).

There are many differences between insurance distribution systems in the EU Member States. Furthermore, the local definitions of different channel types can be country-specific.

## 5. The Insurance Industry in Malta

Since the early 1990s, Malta established itself as a renowned and stable financial services sector. The insurance industry is one of the pillars of this development, with the Malta Financial Services Authority (‘MFSA’) working to create a stable jurisdiction aimed at encouraging the growth of the insurance market. The insurance industry in Malta boasts a mature domestic market constituted of life and non-life insurers, as well as a thriving international sector, including captives and direct underwriters and reinsurers. The number of insurance intermediaries and service providers also continues to increase (PwC Malta, 2012).

As at end March 2017 (latest available statistics at the time of writing), the number of licenced insurance undertakings in Malta amounted to 60, comprising of non-life, life and composite insurance undertakings, as well as reinsurance undertakings. Out of this total, eight insurers are of domestic origin. Moreover, the number of insurance intermediaries exceeds 600 agents, brokers and tied insurance intermediaries, comprising of both individuals and companies (MFSA, 2017). The life insurance market is dominated by tied insurance intermediaries (MFSA, 2016) mostly by *bancassurance* operators. Latest EU statistics show that *bancassurance* in Malta is the major player (with over 80% of the gross written premium) in life insurance distribution, the highest of all EU Members (European Insurance, Key Facts, 2016). On the other hand, the general business sector continues to be mainly directly generated. The business directly sourced by the undertakings accounted for 36.5% of the business for risks situated in Malta and 68.9% of the business for risks situated outside Malta (MFSA, 2016).

## **6. The Legislative Framework of the Single Insurance Market**

Insurance deals with an ancient human instinct: the strive for security. In spite of that, its existence as a common legal phenomenon belongs only to the recent history (Nemeth, 2001). In the beginnings the idea of insurance mainly covered the fields of fire and marine insurance. Following that, insurance developed into a mass industry. Although the legal framework was still lacking, the strong link to law could never be denied due to the nature of the insurance contract (Nemeth, 2001).

As the different regulatory interests of the Member States in the field of public insurance law became evident, insurance law was subject to some state control in every Member State even prior to harmonisation started. However, the extent of this control varied considerably. For instance, only three of the six original Member States (France, Italy and Luxembourg) foresaw supervision of all branches of the insurance industry. Germany did not supervise transport insurance, while in Belgium, only life insurance, insurance against industrial accidents and compulsory motor vehicle liability insurance were supervised (Nemeth, 2001).

Because of such factors, a harmonisation of local regulations seemed rather impossible. This procedure had to be replaced by an approximation of the members' systems in the way of mutual recognition of existing differences (Skipper *et al.*, 2000). The new structure of the European insurance market requires a uniform legal framework, at least at the basic level. This means the same rules should apply to all market participants about establishing and providing insurance business (Sterzynski, 2003).

The legal framework for the Single Insurance Market is established on three major principles, namely: the freedom of movement of capital, the freedom of establishment and the freedom of movement of services (Sterzynski, 2003). The latter two principles form part of the four fundamental freedoms, which are foreseen in the Treaty establishing the European Community (Nemeth, 2001). Over 20 Directives have been enacted in order to realise the goal of harmonisation starting with the Reinsurance Directive, the Three-Generation Directives between 1972 and 1992, directives in the field of Motor Vehicle Insurance, Insurance Mediation and Solvency (EU Insurance legislation, 2017).

## **7. EU Legislation on Insurance Distribution**

When we talk about insurance distribution, the EU rules go back to the 1970s (SPEECH/15/3981/2015). Set out below is an overview of the Directives that have been established in relation to insurance mediation/distribution prior to the introduction of the Insurance Distribution Directive.

---

## **8. Council Directive 77/92/EEC of 13 December 1976**

A first step to facilitate the exercise of freedom of establishment and freedom to provide services for insurance agents and brokers was made by Council 77/92/EEC of 13 December 1976 (Council Directive 77/92/EEC, 1976).

The aim of the Directive was to define as clearly as possible the activities to which it was to apply amid differences between Member States as regards the scope of activities of insurance agent and broker. Furthermore, the Directive introduced a defined set of requirements relating to the possession of general, commercial or professional knowledge and ability, that Member States should accept as sufficient evidence of such (Council Directive 77/92/EEC, 1976).

## **9. Commission Recommendation 92/48/EEC of 18 December 1991**

The Commission Recommendation 92/48/EEC of 18 December 1991 (OJ L19/32, 1991) introduced some amendments to the existing Directive. One notable change was that insurance broker, agent and sub-agent, as referred into Directive 77/92/EEC, were grouped together under the definition of 'insurance intermediary'.

With insurance intermediaries considered as an important factor in the distribution of insurance in the Member States and the creation of the internal market entailing an increasing range of products as a result of the freedom to provide services, professional competence of insurance intermediaries was an essential element for the protection of the policyholders and those seeking insurance. Member States were allowed to establish the exact level of general, commercial and professional knowledge considered appropriate to guarantee that policyholders and persons seeking insurance will be adequately informed and assisted, taking into account the type of intermediary involved.

Further to the above, an insurance intermediary had to be of good repute and possess professional indemnity insurance or any other comparable guarantee against liability arising from professional negligence (OJ L19/32, 1991).

## **10. Insurance Mediation Directive**

Commission Recommendation 92/48/EEC of 18 December 1991 on insurance intermediaries was largely followed by Member States and helped to bring closer together national provisions on the professional requirements and registration of insurance intermediaries. However, there were still substantial differences between national provisions that created barriers to the taking up and pursuit of the activities of insurance and reinsurance intermediaries in the internal market. The inability of insurance intermediaries to operate freely throughout the Community hindered the proper functioning on the single market in insurance (Insurance Mediation Directive, 2002).



The objectives of the Insurance Mediation Directive were two-fold; to establish a single market for insurance mediation and to introduce minimum standards on consumer protection throughout the EU. It introduced minimum requirements on registration of insurance intermediaries, their professional conduct as well as pre-contractual information provided for their customers (Domaradzka, 2012).

The Insurance Mediation Directive applies to persons whose activity consists in providing insurance mediation services to third parties for remuneration, either pecuniary or some other form of agreed economic benefit tied to performance (Insurance Mediation Directive, 2002). It takes an activity-based approach rather than distinguishing between agents and brokers. Several types of intermediaries, such as agents, brokers and *bancassurers*, can distribute insurance products and hence are covered by the Insurance Mediation Directive (Europe Economics, 2013).

According to Article 2.3 of the Directive, insurance mediation includes ‘the activities of introducing, proposing or carrying out other work preparatory to the conclusion of contracts of insurance, or of concluding such contracts, or of assisting in the administration and performance of such contracts, in particular in the event of a claim.’ It does not include direct selling, excluding insurance undertakings or an employee of an insurance undertaking who is acting under the responsibility of the insurance undertaking (Insurance Mediation Directive, 2002).

## **11. The Need for Revising the Insurance Mediation Directive**

The European Commission recognises that insurance intermediaries are vital to the process of selling insurance products in the EU, and play a fundamental role in safeguarding the interests of insurance customers. Additionally, the European Commission recognises that the interests of consumers and service providers must be properly protected. As the Insurance Mediation Directive does not include the direct sales of insurance products in its scope, it is possible that this may have led to an unfair playing field for other sellers of insurance Products (PwC, 2011). Against this background, the European Commission conducted an implementation check of the Insurance Mediation Directive, which identified a number of issues (Commission, 2011).

### **11.1 Solvency II Directive**

With the entry into force of the Solvency II Framework Directive (Directive 138/EC, 2009) a risk-based solvency regime has been introduced for insurance undertakings. This has also affected the relationship between insurance undertakings and policyholders ((Directive 138/EC, 2009). For the first time Solvency II introduced a harmonised, sound and robust prudential framework for insurance firms in the EU. It is based on the risk profile of each individual insurance company in order to promote comparability, transparency and competitiveness (Commission, 2015b; Grima *et al.*, 2017). One of the key objectives of Solvency II is improved consumer protection,

ensuring a uniform and enhanced level of policyholder protection across the EU.

Pillar 3 of the Solvency II framework addresses transparency, reporting to supervisory authorities and disclosure to public, thereby enhancing market discipline and increasing comparability, leading to more competition (Commission, 2015). The impact of Solvency II is felt by individual consumers of insurance products through significant changes to the insurance market. Innovative products can be created based on greater awareness of their risk exposures. Furthermore, it increases policyholder confidence that insurers are able to pay claims when they arise (Institute and Faculty of Actuaries, 2015).

Since its adoption the Solvency II Directive ‘changed the risk profile of the insurance companies vis-à-vis the policyholder’. Recital 139 of the said Directive calls for an immediate revision of the Insurance Mediation Directive, in order to extend the benefits of a risk based solvency regime and increased transparency rules to policyholders (Directive, 2009).

## **11.2 Differences in implementation of the Insurance Mediation Directive**

The Insurance Mediation Directive was implemented with the aim of introducing a new harmonised regime for insurance intermediaries across Europe (Addleshaw, 2016). However, due to its minimum harmonisation character, a patchwork of national regulations has emerged in Member States. This has led to significant gaps and inconsistencies as far as the activity of insurance mediation is concerned (Commission, 2011). For example, the Insurance Mediation Directive requires only the minimum obvious for any professional conduct and thus provides a fairly basic level of consumer protection, allowing for a wide interpretation by the Member States (Domaradzka, 2012).

Noticeable differences in implementation of the Insurance Mediation Directive amongst various countries have been identified (CRA International, 2007). In countries like the UK, France or the Netherlands, the minimum standards were exceeded by additional stricter rules (Domaradzka, 2012). The area of information requirements seems to have been particularly affected with additional requirements relating to the provisions of a risk-sheet, a policy summary, or the disclosure of fees received by the intermediary (CRA International, 2007). The requirements relating to competence have also been susceptible to gold-plating in most countries, with countries like the UK allowing considerable flexibility while countries like France and the Netherlands requiring the possession of certain qualifications, previous experience and required number of hours of training (CRA International, 2007). Similarly, Malta has adopted a wider approach, although not as wide as certain Member States. This ‘gold-plating’ brought about significant inconsistencies, leading to fragmentation of the market.

### **11.3 Mis-Selling of Insurance Products**

Current and recent financial turbulence has underlined the importance of ensuring effective consumer protection across all financial sectors (Insurance Distribution Directive, 2016). The financial services world has been hit by scandals several times. First came investment banking, then mutual funds, and later even the insurance industry has been mired in scandal (The Economist, 2004).

There has been a great deal of negative publicity surrounding the insurance industry in the years preceding the financial crisis, in particular the controversy of brokers' contingent commissions. This exposed a trend of intransparent practices of insurance companies and intermediaries, which proved to be in conflict of interest with their policyholders. In addition, unfair business practices, such as the provision of improper advice on products or insufficient disclosure of information to insurance purchasers, have been revealed (Domaradzka, 2012). Most mis-selling cases concern insurance investment products (Damatadzka, 2012) since customers typically lack specialist knowledge, making it difficult for them to properly judge product complexity, performance and associated risks. The naivety makes them particularly vulnerable to mis-selling by distributors who are often incentivised by remuneration structures to push financial products, regardless of how suitable the product is for the customer (Inderst *et al.*, 2009).

Deceptive sales practices have been documented from as early as the 1970s (Halan *et al.*, 2014). Such practices have often culminated into full-blown public scandals around the world – the pensions scandal in the UK in the 1980s (McConnell *et al.*, 2012) the Ponzi scheme engineered by Bernie Madoff in the US (Barry, 2011) and the several instances of mis-selling by insurance companies reported in India (Halan *et al.*, 2014). More recently, in 2015, the mis-selling of unit-linked policies in the Netherlands also made news.

These developments urged the European Commission to investigate the insurance markets across the EU back in 2007. In its report, the Commission highlighted proper remuneration disclosure as 'an effective means to mitigate conflicts of interest between commercial considerations of insurance intermediaries and the objectivity of advice they provide to their clients' (Commission, 2007). Since the publication of this report, the necessity for adequate conflict of interest and conduct of business rules for insurance mediation business came under the spotlight. However, the Insurance Mediation Directive lacks clear and efficient conduct of business and conflict of interest rules, and thus cannot ensure transparent selling processes and prevent mis-selling of products (Domaradzka, 2012).

## **12. Conclusion**

The review of the Insurance Mediation Directive has identified a number of flaws: a regulatory patchwork due to minimum harmonisation character; insufficient

information requirements to guarantee transparency for consumers; and lack of clear and efficient conduct of business and conflict of interest rules to prevent mis-selling of products (Domaradzka, 2012). Furthermore, as part of the review of the Insurance Mediation Directive, and not least in the wake of many mis-selling scandals, it became clear there is a mismatch between the duties of insurers when selling insurance and of intermediaries when selling the same product (Radmore, 2015).

Jonathan Hill commented that EU rules about insurance distribution “*were not suitable for a world of internet sales, of multiple modes of distribution, and insurance products that acted very much like investments*” (Commission, 2015a). The above, combined with the increased move towards product regulation, caused regulators to change their focus to address the consumer experience. So what was going to be the Insurance Mediation Directive 2 became more about distributing products than the intermediation services themselves, and, somewhere along the line, the name of the proposal changed to reflect that (Radmore, 2015).

In accordance with single market principles, the Insurance Distribution Directive is concerned to lay down minimum standards for the conduct of intermediary business, in order to facilitate the right to free movement of services and the right of establishment. The Directive aims to go further, by putting at the centre of regulation and at the heart of the business, the interests of customers, namely ensuring retail insurance markets work better and strengthening consumer protection.

## References:

- Addleshaw, G. 2016. The IDD comes into force. At [https://www.addleshawgoddard.com/globalassets/insights/financial-services/the\\_idd\\_comes\\_into\\_force\\_123620.pdf](https://www.addleshawgoddard.com/globalassets/insights/financial-services/the_idd_comes_into_force_123620.pdf)
- Bainard, L. 2008. What is the role of insurance in economic development? Zurich Government and Industry Affairs. At: [https://www.draudimas.com/allpics/What is the role of economic development.pdf](https://www.draudimas.com/allpics/What%20is%20the%20role%20of%20economic%20development.pdf)
- Barry, P. 2011. In the Eye of the Storm: The Collapse of Storm Financial. The Monthly Report. Feb. At: <http://search.informit.com.au/documentSummary;dn=730543885268607;res=IELAPA>.
- Bashir, I. et al. 2013. Critical Analysis of Traditional and Modern Insurance Distribution Channels in India. The Journal of Insurance Institute of India, 59.
- Bhattand, M. 2012. Trends in Insurance Channels. Capgemini, 3. At: [http://www.panoramassicurativo.ania.it/get\\_file.php?id=15327](http://www.panoramassicurativo.ania.it/get_file.php?id=15327)
- Boleat, J.M. 1995. The European Single Insurance Market. The Geneva Papers on Risk and Insurance, 20(74), 45-56.
- Commission. 2007. Commission Staff Working Document Accompanying the Communication from the Commission Sector Inquiry under Article 17 of Regulation (EC) No 1/2003 on business insurance (Final Report). Working Document final.
- Commission. 2011. Consultation Document on the Review of the Insurance

- Mediation Directive (IMD). Commission Staff Working Paper. At: [http://ec.europa.eu/finance/consultations/2010/insurance-mediation/docs/consultation-document\\_en.pdf](http://ec.europa.eu/finance/consultations/2010/insurance-mediation/docs/consultation-document_en.pdf)
- Commission. 2012. Proposal for a Directive of the European Parliament and of the Council on insurance mediation (recast). COM(2012) 360 final - 2012/0175 (COD).
- Commission. 2015a. Insurance distribution in the single market – meeting customers’ needs in the internet age’ (Speech), citing Jonathan Hill – Commissioner responsible for Financial Stability, Financial Services and Capital Markets Union at mid-term meeting of BIPAR – the European Federation of Insurance Intermediaries SPEECH/15/3981.
- Commission. 2015b. Solvency II overview – frequently asked questions. MEMO/15/3120. What is Solvency II?’ (Lloyds.com). At: <https://www.lloyds.com/the-market/operating-at-lloyds/solvency-ii/about/what-is-solvency-ii>
- Commission. 2017. Consumer Financial Services Action Plan: Better Products, More Choice. Communication COM (2017) 139 final.
- Commission Directive. 2012. Annexes to the Impact Assessment Accompanying the proposal for revision of the Insurance Mediation. Staff Working Paper Annex 2.
- Commission Recommendation. 1991. (92/48/EEC) of 18 December 1991 on insurance intermediaries [1991] OJ L19/32.
- Council Directive. 1976. (77/92/EEC) of 13 December 1976 on measures to facilitate the effective exercise of freedom of establishment and freedom to provide services in respect of the activities of insurance agents and brokers (ex ISIC Group 630) and, in particular, transitional measures in respect of those activities [1976] OJ L26/14.
- CRA International. 2007. Comparative Implementation of EU Directives (III) – Insurance Mediation. At: [https://www.cityoflondon.gov.uk/business/economic-research-and-information/research-publications/Documents/2007-2000/Comparative%20Implementation%20of%20EU%20Directives%20III\\_Insurance%20Mediation.pdf](https://www.cityoflondon.gov.uk/business/economic-research-and-information/research-publications/Documents/2007-2000/Comparative%20Implementation%20of%20EU%20Directives%20III_Insurance%20Mediation.pdf).
- Cummins, J.D. et al. 2005. The Economics of Insurance Intermediaries. *The Journal of Risk and Insurance*, 73(3). At: <http://onlinelibrary.wiley.com.ejournals.um.edu.mt/doi/10.1111/j.1539-6975.2006.00180.x/full>.
- Directive. 2009. Directive/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (recast) OJ L225/1 (Solvency II).
- Domaradzka, A. 2012. The Revision of the Insurance Mediation Rules at EU Level and Its Impact on Consumer Protection. EIPA. At: [http://www.eipa.eu/files/repository/eipascope/20121213145141\\_ADO\\_Eipascope2012\\_2.pdf](http://www.eipa.eu/files/repository/eipascope/20121213145141_ADO_Eipascope2012_2.pdf)
- EIOPA. 2012. The European Insurance and Occupational Pensions Authority (EIOPA) was established in consequence of the reforms to the structure of supervision of the financial sector in the European Union. EIOPA's core responsibilities are to support the stability of the financial system, transparency of markets and financial products as well as the protection of policyholders, pension scheme members and beneficiaries. EIOPA is commissioned to monitor and identify

- trends, potential risks and vulnerabilities stemming from the micro-prudential level, across borders and across sectors.
- EU insurance legislation. 2015. (ec.europa.eu). At: [https://ec.europa.eu/finance/insurance/legislation/index\\_en.htm](https://ec.europa.eu/finance/insurance/legislation/index_en.htm).
- Europe Economics. 2013. Distribution Channels in Insurance, 4.
- European Consumer Centre Germany. 2014. The European Single Insurance Market - Cross-border insurance contracts: Conclusion or exclusion?
- Finney, C. 2016. Europe: The Insurance Distribution Directive: Looking under the bonnet. Insurance Post. At: <http://www.postonline.co.uk/post/blog-post/2453056/europe-the-insurance-distribution-directive-looking-under-the-bonnet>.
- Grima, S., Marano, P., Bezzina, F. 2017. The Impact of Solvency II and Relevant Implementing Measures on the Insurance Firm's Risk-Management Maturity. Insurance Regulation in the European Union, Chapter 8, Pages 179-197 ISBN 978-3-319-61216-4/ 978-3-319-61215-7, D.O.I. 10.1007/978-3-319-61216-4. Palgrave Macmillan.
- Halan, M. et al. 2014. The case of the missing billions: estimating losses to customers due to mis-sold life insurance policies. Journal of Economic Policy Reform. 17(4), 285-305.
- Hogan, A. 1995. Regulation of the single European insurance market. Journal of Insurance Regulation, 13(3).
- Inderst, R. et al. 2009. Misselling through Agents. Institute for Monetary and Financial Stability, Working Paper Series No. 36. At: [https://www.econstor.eu/bitstream/10419/97742/1/IMFS\\_WP\\_36.pdf](https://www.econstor.eu/bitstream/10419/97742/1/IMFS_WP_36.pdf).
- Institute and Faculty of Actuaries. 2015. IFoA policy briefing on Solvency II.
- Insurance Distribution Directive. 2016. 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (recast) OJ L26/54.
- Insurance Europe. 2016. European Insurance – Key Facts, August. At: <http://insuranceeurope.eu/sites/default/files/attachments/European%20Insurance%200-%20Key%20Facts%20-%20August%202016.pdf>
- Insurance Law Monthly. 2017. Intermediaries – The EU Directive on Insurance Distribution, 29(1).
- Insurance Mediation Directive. 2002. 2002/92/EC of the European Parliament and of the Council of 9 December 2002 on insurance mediation OJ L9/3.
- Mariniello, M. et al. 2015. The Long Road towards the European Single Market. BRUEGEL Working Paper 2015/01. At: [http://bruegel.org/wp-content/uploads/imported/publications/WP\\_2015\\_01\\_final\\_160315.pdf](http://bruegel.org/wp-content/uploads/imported/publications/WP_2015_01_final_160315.pdf)
- Marino, D.M. et al. 2016. The new Insurance Distribution Directive – an overview and some initial reflections. (Dlapiper.com, April). At: <https://www.dlapiper.com/en/italy/insights/publications/2016/04/insurance-distribution-directive>.
- McConnell, P. et al. 2012. Systematic Operational Risk: The UK Payment Protection Insurance Scandal. Journal of Operational Risk, 7(1), 79-92.
- MFSa. 2017. Statistical Tables – 1st Quarter 2017. (Mfsa.com. At: [https://www.mfsa.com.mt/pages/readfile.aspx?f=/files/Publications/Statistics/Licences\\_Statistics/01.%20Statistical%20Tables%20-%201st%20Quarter%202017.pdf](https://www.mfsa.com.mt/pages/readfile.aspx?f=/files/Publications/Statistics/Licences_Statistics/01.%20Statistical%20Tables%20-%201st%20Quarter%202017.pdf).
- MFSa. 2016. Insurance and Pensions Supervision Unit Insurance Statistical Review (Mfsa.com). At: <http://www.mfsa.com.mt/pages/viewcontent.aspx?id=51>.

- Nemeth, K. 2001. European Insurance Law: A Single Insurance Market? EUI Working Paper Law, No. 4.  
<http://cadmus.eui.eu/bitstream/handle/1814/168/law01-04.pdf>
- PwC. 2011. Luxembourg, Study of the impact of the revision of the Insurance Mediation Directive – Prepared for the European Commission DG Internal Market and Services (ETD/2007/IM/B2/51) Final Report; and Commission, ‘Impact Assessment Accompanying the document Proposal for a Directive of the European Parliament and of the Council on Insurance Mediation’ (2012) Working Document COM (2012) 360 final/SWD (2012) 192 final.
- PwC Malta. 2012. Insurance in Malta – An Industry Profile. At:  
[https://www.pwc.com/mt/en/publications/insurance/insurance\\_in\\_malta\\_2012.pdf](https://www.pwc.com/mt/en/publications/insurance/insurance_in_malta_2012.pdf).
- Radmore, E. 2015. At long last, the IDD. Compliance Monitor, 28(1) October. At:  
<http://www.compliancemonitor.com/international/european-union/directives/at-long-last-the-idd-111913.htm>
- Skipper, H. et al. 2000. Liberalization of insurance market: issues and concerns. Insurance and private pensions compendium for emerging economy, Part 1:6.
- Sterzynski, M. 2003. The European Single Insurance Market: Overview and impact of the liberalization and deregulation processes, 3(1) Belgian Actuarial Bulletin.
- The Economist. 2004. The insurance scandal: Just how rotten? (Economist.com). At:  
<http://www.economist.com/node/3308447>.
- The Insurance Distribution Directive. 2016. Changes to the regulation of insurance intermediaries in the EU. Out-Law.com. At:  
<https://www.out-law.com/en/topics/insurance/insurance-brokers-and-intermediaries/the-insurance-distribution-directive-changes-to-the-regulation-of-insurance-intermediaries-in-the-eu/>
- The World Federation of Insurance Intermediaries (wfii.net). At:  
<http://www.wfii.net/en/insurance-intermediaries/>
- Zieniewicz, M. 2014. The Distribution Channels of Insurance Products in Poland and in Selected European Countries. Poznan University of Economics (ISBN 978-80-89691-07-4) 23. At:  
<http://www.irisro.org/economics2014january/13MartaZieniewicz.pdf>.