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1. REGULATION AND LEGISLATION

EU: Delay to the application, and transposition, of the IDD?

Following a recommendation from the European Parliament, on 20 December 2017 the European Commission adopted a legislative proposal for a directive (COM (2017) 792/2) (Proposed Directive¹) to postpone the date of the application of the Insurance Distribution Directive ((EU) 2016/97) (IDD) from 23 February 2018 to 1 October 2018 and recommended that an accelerated legislative procedure is applied to expedite the Proposed Directive. The IDD amends and replaces the Insurance Mediation Directive (2002/92/EC) and aims to enhance consumer protection and ensure a level playing field among all participants involved in the sale of insurance products.

The current deadline for Member States to transpose and apply the IDD is 23 February 2018. Under the Proposed Directive, the transposition date would remain 23 February, but the application date would be postponed to 1 October 2018. This would give firms within the insurance sector, including small operators such as one-person distribution businesses, more time to make the necessary technical and organisational changes to comply with the IDD.

On 12 January, the European Parliament updated its procedure file on the Proposed Directive which indicates that the European Parliament will debate and vote on the Proposed Directive at its 28 February – 1 March 2018 plenary session. It is possible that the European Parliament may debate and vote on the Proposed Directive at an earlier plenary session so that the new IDD application date can be formally adopted before 23 February 2018 (the current IDD application date).

On 16 January, the European Parliament’s Committee on Economic and Monetary Affairs (ECON) published a letter² (dated 9 January 2018) to the chair of Coreper II (one

of two configurations of the Council of the EU’s Committee of Permanent Representatives) stating that it intended to “launch a procedure in ECON with a view to adopting the recommendation not to object in order to speed up the entry into force” of the Proposed Directive, and hopes that the Coreper II will do the same.

ECON also stated that it is “considering positively” the postponement of the date of transposition of the IDD “by a few months”, possibly until 1 July 2018 “in order to ensure that Member States properly implement [the] new comprehensive regulatory framework for the benefit of consumers and industry” and is ready to cooperate with Coreper II concerning amendment to the transposition date.

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2. MARKET DEVELOPMENTS

EU: Lloyd’s set to open in Brussels by 2019

Following on from its announcement in March 2017 that it had selected Brussels as its preferred location for an EU-based subsidiary, Lloyd’s of London has indicated that it is aiming to commence operations there as of 1 January 2019.

Brussels was chosen as a result of its established regulatory structure. It is hoped that dealings in Brussels will be ready to hit the ground running at the start of 2019. Inga Beale, Chief Executive of Lloyd’s of London noted that this date is “*ahead of the actual official exit, but we run a market and we want to be ready for all of our businesses and syndicates that operate within the market. That’s why we are really pushing ahead.*” Beale made this comment when attending a financial forum in Hong Kong earlier this month.

In addition, Beale confirmed that Lloyd’s was looking for premises and taking steps towards setting up the

¹ <https://ec.europa.eu/info/law/better-regulation/initiative/152217/attachment/090166e5b75dc107>

² [http://www.europarl.europa.eu/cmsdata/136160/D\(319\)%20-%20Dimiter%20TZANTCHEV%20_%20IDD%20quick%20fix.pdf](http://www.europarl.europa.eu/cmsdata/136160/D(319)%20-%20Dimiter%20TZANTCHEV%20_%20IDD%20quick%20fix.pdf)



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necessary technology structures, whilst the Belgium regulator reviewed its application. It is expected that appointments and new hires will follow soon.

Beale also emphasised the significance of growth for Lloyd's when commenting on expansion and increasing demand in the Asia Pacific region for political risk, terrorism and cyber cover. Lloyd's currently earns approximately 10% of its worldwide revenue from insurance premiums underwritten in Asia Pacific.

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