



Regulatory Newsflash

FSMA's regulation on costs and charges approved

On 11 May 2017, the Belgian Official Gazette published the Royal Decree approving the [FSMA's Regulation on the information on costs and charges which service providers must provide to their clients in relation to the provision of insurance intermediation services in Belgium](#). This Regulation implements Article 9 of the Royal Decree of 21 February 2014 on rules of conduct and rules on the management of conflicts of interest ("RD N2").

The Regulation will entry into force on 1st of January 2018 (in line with the entry into force of the PRIIPS regulation).

Type of information to provide to clients depends on the type of insurance contract

The Regulation makes a clear distinction between the different types of insurance contracts, i.e.:

- savings- and investment contracts
- contracts related to mandatory liability insurance for motor vehicles
- other insurance contracts

The regulator has opted to not yet foresee any requirements for savings- and investment contracts, awaiting the entry into force of the PRIIPS regulation.

For the insurance contracts other than contracts related to mandatory liability insurance for motor vehicles, the information requirements on costs and charges are based on the rules already applicable to liability insurance for motor vehicles (rules that have remained more or less the same apart from the frequency of provision of the information).

Service providers will be, under these new requirements, requested to provide their clients with information in euro on the premium amount, the taxes and contributions, as also an estimate of the acquisition costs and administrative costs (calculated on the basis of data recorded in the profit and loss accounts of the previous fiscal year).

Apart from the cost and charges directly related to the insurance contracts, service providers are also to inform their clients on the cost and charges related to the provision of their intermediation services, independent of the type of insurance contract.

Timing and delivery

The idea is that the information on costs and charges provided to clients will be identical regardless of the manner in which an insurance contract is distributed (direct sales by an insurance undertaking or their tied insurance agents, or rather through independent insurance intermediaries).

The information on costs and charges must be communicated to the client by the service provider before the provision of insurance services (in particular, when an insurance contract is presented, offered or advised to a client) and at each maturity date of the insurance contract.

Contact

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