



THE STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION LIMITED

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To the Members

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INSURANCE MEDIATION DIRECTIVE (IMD)

Outline

- The European Union Directive on Insurance Mediation applies to all EEA-domiciled intermediaries.
- UK legislation will implement this Directive to regulate all firms carrying out Insurance Mediation ("IMD") from 14th January 2005.
- The Club is in the process of being granted the necessary authorisation by the UK regulator (Financial Services Authority) for dealing direct with Members.
- The Directive defines insurance mediation activities very widely and may apply to parties who may not up until now have considered themselves to be intermediaries.
- The Club is required to ensure that it only transacts with intermediaries that are properly authorised to transact business with it.
- However, it should be noted that by virtue of Article 1(3) the terms and obligations of the IMD do not apply where the mediation activities relate to risks and commitments located outside the EEA. For the purpose of risks relating to ships, the risk is deemed to be the state of registration and thus mediation activities involving non-EEA flagged ships will not be within the scope of the IMD.
- This circular sets out the process of confirmation required by all International Group clubs.

Dear Sirs,

Introduction

Following the European Union's Insurance Mediation Directive (2002/92/EC), legislation has been enacted in the United Kingdom to implement the terms of the Directive and to regulate those businesses that fall within its scope. The Financial Services Authority ("FSA") as the UK regulator has provided guidance on the types of business to which the IMD applies, marine insurance being one. Other Member States within the European Economic Area ("EEA") have introduced or are in the process of introducing legislation to implement the Directive within their own jurisdiction.

Insurance Mediation Activities

The purpose of the Directive is to regulate the activities of firms carrying out Insurance Mediation Activities. Insurance Mediation Activities have been categorised by the FSA as;

- advising on contracts of insurance
- arranging deals in contracts of insurance
- making arrangements with a view to transacting in contracts of insurance
- dealing as an agent in contracts of insurance
- assisting in the administration and performance of contracts of insurance and
- agreeing to carrying on a regulated activity.

In the United Kingdom, the IMD will apply to all brokers and other insurance intermediaries who perform Insurance Mediation Activities. If you use an intermediary to place your business with the Club and that intermediary is domiciled in the EEA, the IMD will require that intermediary to be authorised to carry out intermediary activities by the regulatory authority of its domicile. If the intermediary is unsure of whether or not its activities will fall under the terms of the Directive, it should check the position with the relevant regulator as soon as possible.

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