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The European Federation of Insurance Intermediaries

is a non-profit European organisation grouping professional associations of insurance intermediaries in Europe. It presently has a membership of 47 national associations, established in 31 countries, and represents some 80,000 insurance agents and brokers, employing in all about 250,000 people.

Founded in Paris in 1937, BIPAR headquarters were moved to Brussels in 1989. It is today the official and recognised voice of insurance intermediaries with the European Institutions.

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BIPAR Press is also available on www.bipar.eu ("member area"/ "publications")

EUROPE


**Commission's Communication
on Financial Supervision in
Europe**
available in all EU languages
upon request at the BIPAR
Secretariat

Financial supervision in Europe

On 27 May 2009, the European Commission adopted a Communication on Financial Supervision in Europe. The Communication proposes a set of reforms to the current architecture of financial services committees, with the creation of a new European Systemic Risk Council (ESRC) and a European System of Financial Supervisors (ESFS), composed of new European Supervisory Authorities.

There is currently no single body in Europe responsible for supervision of systemic risks (macro-financial supervision). There are three financial services committees for micro-financial supervision (supervision of individual financial institutions) at EU level, with advisory powers only: the Committee of European Banking Supervisors (CEBS), the Committee of European Insurance and Occupational Pensions Committee (CEIOPS)

and the Committee of European Securities Regulators (CESR), also often known as the "Lamfalussy level 3 Committees".

Legislation to embody the Commission's proposals will follow in the autumn. The Commission invited all interested parties, including BIPAR, to submit their reactions to the Communication by 15 July. While BIPAR recognises the need for EU initiatives for revising the European supervision of the financial services sector based on the proposals of the de Larosière Group, it strongly requests that the proposed solutions take into consideration the specificities of the insurance sector. Based on its members associations' comments, BIPAR prepared its answer and submitted it to the Commission as requested. BIPAR position is available on www.bipar.eu / "BIPAR papers/articles". 

Regulation on credit rating agencies


Strict rules to enhance transparency, independence and good governance of European credit rating agencies (CRAs), were endorsed by the European Parliament on 23 April 2009. According to MEPs, credit rating agencies failed to detect the worsening of the financial market conditions and to adapt their ratings in time. They also failed to adapt to the new risks of the credit market, e.g. structured credit products (derivatives) and hedge funds. The approved regulation sets up an obligation for all CRAs wishing to operate in

the EU to register and comply with a set of rules. The main objectives of the regulation are:

- To ensure that credit rating agencies avoid conflicts of interest;
- To increase transparency by setting disclosure obligations;
- To ensure an efficient registration and supervision framework at EU level;
- To improve the quality of the methodologies and the quality of ratings.


The regulation will be directly applicable in the whole of the EU 20 days following its publication

in the Official Journal. Member States will have six months to take the necessary measures to implement the new provisions. With regard to the provisions on

the use of ratings from non-EU agencies, this transition period will last 18 months. Three years later, the Commission will evaluate the effectiveness of the regulation, including the reliance on credit ratings in the EU. 

Creation of the European Association of Savers

For the first time, several associations grouping different categories of savers, i.e. individual shareholders, underwriters of investment funds (UCITS), life insureds, people with savings accounts and other users of financial services), set up in June 2009 “EuroInvestors.org”, the European Association of

Savers. Its aim is to represent and defend savers’ interests at European level and to promote training, research and information on saving, investment and private estates in Europe. EuroInvestors.org groups already today over 40 organisations from more than 25 European countries. 


BELGIUM



For more information, visit
Brocom website
www.brocom.be

BROCOM’s campaign


BROCOM is a Belgian operational platform where brokers, brokers’ federations and insurance companies promote brokerage in order to provide the consumer with an optimum service. It was set up in 1994 and groups 15 partner companies and over 2000 partner brokers. Brocom’s quality label guarantees the choice, the service and defence of consumers’ interests.

In May 2009, BROCOM started a campaign to promote BROCOM brokers. One ad is aimed at consumers and the other one at SMEs and self-employed. BROCOM’s objective is to convince consumers, SMEs and self-employed that by choosing a BROCOM broker, they choose someone they can trust and who will defend their interests and offer a personalised service. 

FRANCE

French life market expected to grow

According to the FFSA, the French Federation of Insurance Companies, the French life market could possibly grow by up to 4% in the second half of this year, after a 10.7% drop in life and savings premiums in 2008. At the end of May, life premiums were up by 5% resulting from a decrease in short-term interest rates that made short-term cash saving products less attractive. Until last

year, life insurance was the number one saving product in France. Despite a sharp drop, unit-linked policies continued to show positive net inflows in 2008, unlike mutual funds. In property/casualty, the FFSA expects the market to increase between 1 and 3% in 2009, after a 2.5% increase in premium income in 2008. 

CSCA Code of Conduct
available (in French only) on:

www.cscs.fr/contenu/PrivCSCA/News/GrosPlan/CodedeConduite.pdf

Code of Good Conduct for brokers

When the Insurance Mediation Directive was transposed into French law, the French legislator defined several categories of intermediaries (agents, brokers,...) but did not take wholesale brokers into account. Wholesale brokers are considered by French law as direct brokers and are therefore subject to the same professional requirements with regard to information and advice as direct brokers. In order to clarify the situation, the French Association of insurance brokers (CSCA, BIPAR member association) drew up and adopted on 14 May 2009 a Code of Good Conduct that governs relationships between wholesale brokers and direct brokers regarding information and advice requirements. This Code specifies that wholesale

brokers' responsibility with regard to information and advice obligation can only be limited as they are never in contact with the final consumer. However, they must provide direct brokers with all the necessary information so that the latter can meet their information and advice obligations. This new Code of Good Conduct will be included in each partnership agreement, which means that it will be made known beyond CSCA members. CSCA will submit the Code for approval to several professional insurance-related bodies, such as the FFSA (French Federation of insurance companies), ACAM (French authorities in charge of insurance and mutual supervision) and also to the French Ministry of Economy. ⓘ



Gérard Lebègue

Chairman of
BIPAR Agents' Committee

Number of insurance intermediaries on the rise

The 2008 annual report of ORIAS, the French body in charge of registering insurance intermediaries, shows a clear increase in 2008 in the number of registration requests. There were more than 40,000 registered insurance intermediaries in 2008. ORIAS received 11,264 new registration dossiers. The number of brokers registered with ORIAS rose by 10% in 2008. In 2007, there were 14,437 brokers whose main professional activity was insurance mediation; this figure grew by 11% in 2008, with 16,060 brokers. In 2008, there were 6,444 professionals who had both broker and agent status, an 8% increase compared to 2007. At European level, there were 5,276 notifications of services from

intermediaries of the European Economic Area, which is a 27% increase compared to the previous year.

An English and French version of the ORIAS report is available on: <http://www.orias.fr/orias/public/orias.html>


As a representative of the French Federation of insurance agents (AGEA), on 1 January 2009, Gérard Lebègue, Chairman of the BIPAR Agents' Committee, became (for two years) the President of ORIAS. ORIAS has a rotating presidency between representatives of insurers, of agents, of brokers and mutual companies ⓘ

GERMANY

Online insurance mediation: Tchibo to appear before court


Tchibo GmbH operates Germany's top chain of coffee shops. The original coffee company has grown into a multinational enterprise, active in many more sectors than just traditional coffee retailing, including insurance. WIW, one of the German Competition associations (*"Wirtschaft im Wettbewerb"*) has recently launched legal proceedings against Tchibo Direct which offers various insurance policies on its website, such as health, motor, pension, liability insurance, etc. from German insurer Asstel. According to WIW, Tchibo does not meet the legal requirements imposed on insurance intermediaries. WIW points out that Tchibo is not registered as an

insurance intermediary, that it does not respect information and professional qualification requirements and that it has no licence to sell financial products such as insurance. "Information requirements are meant to protect consumers and have to be respected by every insurance intermediary", says WIW. Tchibo argues that it is not an intermediary: it gives advice and serves as a distribution and contact platform for Asstel. It informed the court of Hamburg on 1 July that it would defend itself against WIW's complaint.

BVK, the German Association of insurance intermediaries (member of BIPAR), supports this complaint. 

BaFin granted more powers over subsidiaries of foreign insurers

The Federal Government introduced a bill on 25 March 2009 for an act to strengthen the financial markets and insurance supervision. With this new law, which has now been passed by the German Bundestag, BaFin, the German financial services supervisory authority, will have greater regulatory powers over German subsidiaries of foreign insurers. Wide-ranging modifications have been brought to the laws on banking and insurance supervision. BaFin will now be able to assess the risk situation of an insurance group on a holding basis and request the necessary information to make that assessment. Until

now, it only held responsibility for individual companies. For instance, last year, when AIG was hit by financial difficulties, the insurance supervisor could not prevent AIG from diverting money needed for claims in Germany towards its parent company's New York headquarters. GDV, the German Insurance Association, stated: "We welcome the fact the government now recognises the position of the insurers as subordinated creditors and has thus created legal and planning security for enterprises". 

UNITED KINGDOM

Large businesses opposed to new collective action regime

In recent years, there has been a growing number of calls to reform the procedures available for collective litigation, both in the UK and Europe. The British legal system has currently no equivalent to the US model of “opt-out” class action in which one or more parties can bring an action on behalf of a very large class including absent or unidentified parties. An extensive survey conducted by the law firm Herbert Smith LLP with representatives from 15 major

organisations in the professional services, financial services and retail/consumer sectors, shows that these organisations are largely opposed to the introduction of a new collective action regime in the UK and are concerned that any such system adopted in the UK should avoid the worst elements of the US regime, including contingency fees for lawyers, absence of the “loser pays” rule, jury trials and very high damage payments. ①

FSA to simplify compensation rules

The British Financial Services Authority (FSA) wants to simplify compensation rules for policyholders who lose money when insurance companies go bankrupt. Changes to the Financial Services Compensation Scheme (FSCS) will come into effect from 1 January 2010. The FSCS is an independent body that was set up under the Financial Services and Markets Act 2000 and is the UK's statutory fund of last resort for customers of authorised financial services

firms. There will be 90% protection of non-compulsory insurance provision with no upper limit, compared with full protection of the first 1425€ and 90% of the remainder currently. Fees on general insurance, critical illness and income protection insurance will also get full protection for the first 1425€ and 90% of the remainder. Losses related to compulsory insurance will remain at 100% protection with no upper limit. ①
