

Press release
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Contingent commission arguments resurface

European risk managers have expressed concern about a new ruling in the US state of Illinois that allows brokers to resume taking contingent commissions. This view from the Federation of European Risk Management Associations (FERMA) supports the stance taken by US risk managers through the Risk and Insurance Management Society (RIMS).

“The contingent commission discussion in the United States affects us since the major brokers are based there, and we serve the interests of our members even if this goes further than ‘our borders’. We live in a global village,” said FERMA President, Peter den Dekker.

Historically, RIMS has argued that, in the absence of a ban on contingent commissions, brokers should disclose all forms of direct and indirect compensation to the customer. In Europe, FERMA has campaigned for a voluntary ban by brokers on accepting contingent commissions and for full transparency of compensation arrangements.

This development in Illinois will fuel debate about the future of broker remuneration during the FERMA Forum in Prague on 4-7 October, which has the global village as its theme. The French risk management association AMRAE has organised a workshop asking whether European risk managers should call for a mandatory net quoting system, now in effect in several European countries.

The Illinois decision provokes other questions, such as why do US insurers continue to include a standard percentage of brokerage in their quotes and refuse to reduce it? What kind and what quality of services do we get from brokers for what remuneration? These questions will certainly be brainstormed during the workshop.

The roundtable discussion on topical insurance issues on 7 October is also likely to provoke questions on the subject, especially since the moderators are two journalists, Herbert Fromme of *FT Deutschland* and Adrian Ladbury of *Business Insurance*. Senior executives from the two largest brokers, Gregory Case, President & CEO, AON and Dan Glaser, Chairman & CEO of Marsh, are among the panel members.

The workshop speakers will be Anne-Marie Fournier, Risk Manager, PPR; Bruno Vesval, Deputy CEO Gras Savoye; Stanislas Chapron, President, Marsh, France; Jean-Paul Rignault, CEO, AXA Corporate Solutions, and Laurence Delaire, Deputy Director, Insurance Department, GDF Suez.

Notes for journalists

For the full text of the statement issued by RIMS, see
<http://www.rims.org/ABOUTRIMS/NEWSROOM/Pages/Newsroom.aspx>

The FERMA Forum 2009 will take place from 4-7 October at the Congress Centre in Prague with the theme Global Village: the future of risk management. The programme is available on the FERMA Forum website at www.ferma-forum.eu.

Journalists are welcome to attend. Please contact Lee Coppack or Florence Bindelle (details below) for a registration form.

FERMA is made up of the national risk management associations of 16 countries. It represents over 4,000 individual members and a wide range of business sectors from manufacturing to financial services, charities and health organisations as well as local government organisations.

Member associations are from the following countries: Belgium (BELRIM), Bulgaria (BRIMA), Czech Republic (ASPAR CZ), Denmark (DARIM), Finland (FinnRiMa), France (AMRAE), Germany (Bfv & DVS), Italy (ANRA), Netherlands (NARIM), Poland (POLRISK) Portugal (APOGERIS), Russia (RusRisk), Spain (AGERS), Sweden (SWERMA), Switzerland (SIRM) and United Kingdom (AIRMIC).

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