

FERMA-BIPAR Protocol Principles should underpin new European Intermediation Directive

FERMA has called for the inclusion of large risks within the scope of the revised European Insurance Mediation Directive (IMD). In its response to consultation by the Internal Market and Services Directorate General of the European Commission, FERMA argues that a new IMD revised directive should incorporate binding standards for brokers in their relationship with insurance buyers, no matter what size the risks.

There are currently no uniform European rules dealing with transparency and conflicts of interest between insurance intermediaries and buyers of commercial insurance. A few countries, notably in Scandinavia and France have enacted regulations; most have not.

In the absence of regulation, FERMA has promoted best practice. In November 2010, FERMA and the European Federation of Insurance Intermediaries (BIPAR) signed a protocol on the transparency of intermediation in business insurance to provide a framework for their national associations to adopt. The protocol, however, is not binding and its application depends on the goodwill of BIPAR and FERMA members.

"The existence of this protocol shows the need to regulate the relationship between corporate buyers of insurance and their intermediaries," FERMA has told the Commission. The principles of the protocol should form the basis of the conduct of the relationship between brokers and commercial insurance buyers, but they should be made mandatory, states FERMA.

Furthermore, an integration of the principles of the protocol into a binding instrument would be the

appropriate response to the concerns raised by Competition Directorate in its 2007 business insurance inquiry.

"The review of the IMD represents, therefore, a unique opportunity to incorporate undisputed standards of transparency into binding European legislation," FERMA has told the Commission.

These are the principles of FERMA's submission:

- There should be no exemption for large risks under the IMD. Corporate buyers require the same level of transparency as other consumers.
- Intermediaries should identify and manage potential conflicts of interest appropriately and transparently.
- They should provide clear information on the nature of their services and the capacity in which they operate, including any underwriting powers and delegated authorities.
- On request from the client, the intermediary should disclose the amount received for placing and servicing each business insurance contract and any indirect forms of payment from the insurer that take the business insurance contract into account.

The disclosure should cover any benefits to the parent company, subsidiaries and affiliates.

The Commission proposes to present a proposal for a revised directive by the end of 2011. Adoption is likely to take another year or two with implementation around 2014 or 2015.

Guidelines for Captives

Complying with Solvency II will be a challenge for many captives. FERMA has, therefore, collaborated with the European Captive Insurance and Reinsurance Owners' Association (ECIROA) and its partners Aon, Marsh, Deloitte and Willis, to prepare a best practice guide on the governance and risk management systems for EU domiciled captives.

The guide is intended to enable boards of captive insurance and reinsurance companies to comply fully with the system of corporate governance in the Level 1 text of the directive, but without overly strict and unnecessarily complicated rules.

Captives should consider the proportionality principle, the guidance advises, and establish corporate governance frameworks and risk management policies that reflect the nature, scale and complexity of the specific captive.

Hello ... and Farewell

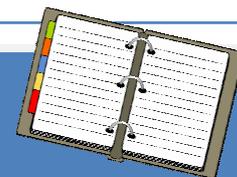
Risk management associations from Austria, Luxembourg and Romania are in discussion with FERMA about possible membership.

The Bulgarian association BRIMA has been dissolved, so FERMA currently has 19 members from 17 European countries.

Date for the Diary: General Assembly

The FERMA general assembly will take place on 24 June in Brussels, which brings together the board of FERMA and the presidents of all the member associations.

There will be a dinner reception on the evening of 23 June.



On our skates to Stockholm!

By Peter den Dekker, President of FERMA



FERMA has completed the most challenging part of the promotion of the upcoming Risk Management Forum that will take place in Stockholm from 2-5 October this year. Ten members of the risk and insurance management community skated the famous (at least in Sweden and Holland) 80Km Viking skating tour 'Vikingarannet' from Uppsala to Stockholm on 13 February 2011.

FERMA's latest staff member Silke Huber proved to be a real project manager by pulling it all together. From the Swedish side, we had great support from Lloyd's Nordic by Erik Börjesson and his PA Brenda Wallen. We were accommodated in the recently opened Radisson Blu Waterfront hotel, which will host the FERMA conference, and received excellent service (or was it the Scandinavian hospitality?)

The afternoon before we met Ann Hovbratt of Crawford Sweden and the Lloyd's representative Erik Börjesson. FERMA hosted the dinner and we had an extra guest in Hans Brandt, general Secretary of Swedish Risk and Insurance Managers Association (SWERMA).



In early morning temperatures of minus 12 degrees, the FERMA team gathered and received woolen hats with a FERMA badge on them. After 41 km along the route, Brenda hosted the Lloyd's refill station. She had to wait until the last team member passed in very cold circumstances. We very much appreciated this great service that kept us alive.

The Dutch (without ski poles) were separated from the rest because, we think, "real" skaters do not need ski poles to help them when the legs are getting tired. The group with poles had to start a little later because of the risks of injuring others. Over 4.000 numbers were issued for registration – eventually about 2.600 finished.

In the splendid skating scenery with snow, mountains, frozen lakes, sun and a mild breeze, we all enjoyed our skating dream. The ice condition, however, was snowy ice, which meant snow/melted snow/refrozen water/more snow etc. The track was cleared of snow, but at certain areas the condition was generally poor, causing many people to fall over as a skate or one leg could suddenly change speed.

Where ice conditions were too bad, we had to walk through 50cm of snow in the woods to arrive at a safe spot to continue. The longest walk was 2,5km. Aon's Arjen Ronner, the most experienced skater (three times the 200km 11 cities race and a week earlier a 200km race in Austria), decided not to take his shoes with him. We still do not know how he did his risk assessment, but during the 2,5km walk in his socks, he must have realised that it had failed. We had to peel the ice from his bare feet. He was kindly offered new socks, but needed another 10km skating to feel his feet again.

Ann Hovbratt bravely tackled a shorter track of the last 30km to the finish. Hans Brandt was convinced that he should show his Swedish skating competence. Despite being past retirement age, he did so, to the great admiration of us all.

At the finish a radio reporter came to me and asked about my hat with the FERMA badge, so after 80km I had to explain risk management! I could at least promote the Forum and risk management as basically good preparation for the Viking race and safe arrival, which we all did.



In the evening Lloyd's and Crawford hosted a small dinner, but the effort took its toll. Only one bottle of wine was used and eyes were hardly kept open.

I would like to thank all for their support. We may have been a witness of a new annual insurance skating tradition. Erik Börjesson of Lloyd's was so enthusiastic about the entire adventure that he has already informed us that the next date will be 12th or 19th February 2012.



The skaters:

Anders Elfving and Daniel Edlund, IF, Sweden
 David Haak and Fredrik Rosencrantz, Zurich Financial Services, Sweden
 Heikki Hakkarainen, Hannover Re, Sweden
 Erik Borjesson, Lloyd's, Sweden
 Nathan Skinner, StrategicRisk, UK (Wales)
 Mark Vos, Crawford, Holland
 Arjen Ronner, Aon, Holland
 Peter Den Dekker, FERMA and Stork, Holland





The Future of Financial Services – Keynote Speaker

For a view of the future of financial services from the inside, the Forum's opening keynote speaker could hardly be better. He is Josef (Joe) Ackermann CEO of Deutsche Bank, an architect of the bank's expanding global role. As CEO, he is responsible for group audit, economics and research, group communications and corporate strategy.

Ackermann studied economics and social sciences at the University of St. Gallen in Switzerland and in 1977 – after obtaining his doctorate – what is today's Credit Suisse, where he rose to president in 1993. In 1996, he moved Deutsche Bank, where he was responsible for the investment banking division and moved into increasingly senior management roles in 2010.



Along the way, he has collected a number of high level appointments including as a board member of Zurich Financial Services, the Institute of International Finance, the World Economic Forum and the Metropolitan Opera New York.

Programme Updates

The technical committee, which is responsible for planning the working sessions of Forum, is visiting Stockholm in late March for a planning meeting, but it's already well advanced with the programme. Here are some of the workshops and master classes scheduled:

International programme compliance

Risk managers' industry group sessions

Providing information for audit committees and CEOs

Solvency II and captives update

Cross-cultural risk management in a globalised world

Anti-bribery and anti-corruption

Innovation in the insurance industry – wishful thinking or realistic?

Could I have saved a life today? A master class on health and safety

Five Reasons Why Your Boss Should Send You to Stockholm:



1. *You will save time and money meeting your key suppliers in one place.*
2. *Industry leaders will provide insight into market developments.*
3. *You can discuss solutions to common issues with colleagues in your own industry from across Europe.*
4. *Senior executives from your suppliers will be on hand to discuss new ideas or smooth a problem.*
5. *You'll come back with fresh ideas for adding value to the business.*

Come one, come all

FERMA is offering its member risk management associations several incentives to help achieve the magic number of at least 500 risk and insurance managers at the 2011 Forum.

Each FERMA national association has a target number of members to bring to Stockholm. Those who are successful will, in return, get support from FERMA for their next event.

Other inducements include:

A prize for promotions. FERMA is providing one free registration for each association, which can be used for example in a prize draw at a conference or social event.

An opportunity to increase membership. Non-members can attend the Forum at the "member" rate and get free membership of their national association for the rest of year, provided he/she enrolls as member of the association for 2012.

Discounted attendance for risk managers. Additional team members from one company, even if based in other countries, can attend for half price – and count against the target for the member association.



Get ready:

2 - 5 October 2011 in Stockholm, Sweden

On your marks:

Registration will open in April with discounts for early enrolment and teams.

Go:

Check the website: www.ferma-forum.eu

Countdown to the Forum

Silke Huber joined FERMA earlier this year as project coordinator. She's involved in the day to day preparations for the Forum. Here's her update.



Six months to go to the FERMA Forum. This year we're expecting around 1.200 risk professionals. There's a lot of planning involved to make an event this size successful. The venue, Stockholm's Waterfront Centre, has been booked for months. We've got concessions in five hotels, all I'm delighted to say within walking distance of the conference centre.

One of the two keynote speakers is booked, and we're waiting to confirm the second. Our aim is to find people who will give a refreshing perspective on risk with a lot of experience behind them. So, no, it's not going to be Justin Bieber, even though we are offering half price registration to the under 35s in the risk management community.

Over 20 workshops are more or less scheduled. It's tricky but we try to arrange the timetable so that there aren't obvious clashes in interest. We want as few disappointments as possible. I'm impressed with the range of subjects the national associations have come up with. International travel security, for instance, is certainly topical.

The technical committee, which is what FERMA calls the members responsible for putting together the working sessions for the programme, is visiting Stockholm in late March and I'll tell you more about what's in store for delegates in October after that.

In the meantime, I must find out the dress code for the lunch at Stockholm City Hall. Out of the 1.200 people, someone is bound to ask.

Offer a Scholarship

Here is another opportunity for FERMA members to raise their profiles. Each national association is invited to select a student to attend the Forum with the cost of registration, accommodation and travel paid by FERMA. The requirements for the scholarship are:

- Success in an educational programme devoted to risk management completed in 2009 or later
- A letter of recommendation from the dean of the faculty or professor at the institution
- Sufficient knowledge of English
- Agreement to produce a report in English on an aspect of the Forum after the event

The national association will inform the dean of the faculty or professor at the educational institution of the conditions of participation and see that the selected student complies with the criteria, to be confirmed by FERMA's director of education, Edouard Thys. Later involvement in professional risk management activities is no bar to acceptance.

June 1st is the deadline for notifying FERMA of the names of the selected candidate and of the association representative who will be in charge of the student on site.

For additional information, contact Florence Bindelle, Executive Manager, via florence.bindelle@ferma.eu, Tel +32 2 761 94 31 and fax + 32 2 771 87 20, or Edouard Thys via edouard.thys@skynet.be.

Short list for 2013

FERMA has begun the tender process to select the host city the 2013 Risk Forum. The short listed candidates are Maastricht, Brussels, Istanbul and Monte Carlo.

Capture those Contacts

There will be no need to search for an elusive business card or spend time entering details into contact books when there are many more exciting things to do at the Forum.

Registered delegates will receive for free a clever clicky device preloaded with their details. All they have to do to exchange business cards with other delegates is to click. The details can then be downloaded using a USB connection. Simple.



FEDERATION OF EUROPEAN RISK MANAGEMENT ASSOCIATIONS - FERMA AISBL

This Newsletter is produced by FERMA. If you have any questions concerning this Newsletter, please contact Florence Bindelle at FERMA on +32 2 761 94 32 – email: info@ferma.eu

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