



Conference Opening

Dear Delegates and Friends, welcome to the 7th AIDA Europe Conference, which we, together with Kozminski University and the Polish Chapter, have arranged for you here in the City of Warsaw in Poland.

The conference marks the 10th anniversary of the inaugural AIDA Europe Conference, which was held in Hamburg in 2008. Looking back upon these 10 years we can observe an incredible pace of development, which has taken off since then.

Some of the financial aftershocks from events back then reach out to today's world. The September 2008 Lehman Brothers bankruptcy is still tangible and not fully settled. The Financial Crises and the run for measures against Terrorism Financing of the late Two Thousands have left their marks on today's financial and insurance legal landscape. What did you think of computer technology in 2008 and what do you think of it today? Who of you attending the 2008 Conference had a Smart Phone at the time. Do you have one now.....?

Business operations are changing their face. Digitalization is changing the business landscape. Companies and organizations are striving for more efficient business management processes. Operating cost is becoming a key metric in the competitive market environment. Along this strategy, numerous outsourcing arrangements have been made by companies, in a large number of operating fields, starting with Information Technology extending to Financial Accounting, Technical Accounting, Purchasing and Data Management, just to name a few.

The terms *disruptors* and *incumbents* have been created. Technology is disrupting the traditional business models and new "smart" companies are entering the market place, without the burden of legacy processes, structures and cultural drawbacks, which can be obstacles to change for traditional players.

Thus, focus on InsurTech in its various facets reflects the current state of play. In a 2017 comprehensive study on existing InsurTech start-ups and technical developments the University of St. Gallen concluded that:

“First, although the vast majority of activities still focuses on the distribution part of the industry ecosystem, full-stack InsurTech risk carriers are starting to become more commonplace.”

“Second, we hardly observe any real game-changing business model innovations yet, as many existing start-ups are essentially pepping up classical industry approaches with the patterns “e-commerce” or “digitalization”. Consistent with this observation, most entrants are not on a disruptive trajectory. Instead, they can be assigned to the category “enablers”, suggesting “cooperation” as the incumbents’ reaction of choice for the majority of currently prevailing scenarios. These findings are confirmed by a comprehensive survey among start-ups and incumbents.”

Source: VW-HSG: The Current InsurTech Landscape: Business Models and Disruptive Potential, St. Gallen, 2017.

The study also clearly states that there are a number of “[...] “powerful business model re-combinations” and it concludes that there is the “[...] threat of the out-of-the box approaches”. This includes personalized coverage based on risk assessment techniques having become available through the use of technology or the offering of peer-to-peer insurance.

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An out-of-the box example is Lemonade in the US who is the first P2P insurer having registered as an actual carrier in the highly competitive and heavily regulated US P&C insurance market.

Lemonade co-founder *Shai Wininger* has summarised his team’s approach as *“challenging the way insurance companies work, with a peer-to-peer business model fuelled by self-servicing technology. We’ve seen this kind of combination breathe new life into other industries, and we’re determined to do the same for insurance”*.

The St. Gallen study offers an interesting conclusion: [...] *“Consequently, the still relatively comfortable situation for incumbents that currently prevails may not last for long.”*

A major effect of Technology is also upon insurance distribution and its likely disintermediating effect, as the 2017 St. Gallen study confirms. In fact a study earlier this month by London based Oxbow Partners found that 56% of the start-ups are concentrating on distribution. This is no doubt a strategic challenge for intermediaries in the technological, digitalized market environment.

In the light of these developments and the urgency of ensuring a fit and proper legal environment to guide, control but also nourish the new market, technical and economic developments, AIDA Europe has arranged this Conference. It was not after a good number of discussions with key stakeholders and the input from the AIDA Europe Scientific Committee, that this topic of InsurTech was fixed. After all it reflects what many of you as stakeholders have voiced and mentioned to us, i.e. that this reflects a development which “burns under the nails” of lawyers dealing with industry legal issues but is certainly also interesting to young academics who are living and breathing technology today.

As you can see from the Programme it mainly covers two aspects, the question whether *traditional legal concepts* are fit to cope with the digital revolution on the back of the technical and ensuing legal developments, but equally, what legal issues arise from the impact of technology on *business operating processes*, which are changing. Automated processes, artificial intelligence, big data and smart contracts are ploughing their path into business operations.

The Conference Programme matches the basic role and aspirations of AIDA Europe. After all, according to its charter AIDA Europe aims at

[AIDA Europe’s By-Laws – Article 1, para. 2:]

.....promoting and developing [...], the development at a European level of insurance and related law,

- the study and knowledge of international and national insurance law and of related matters;
- proposing measures for adoption in the field of insurance at an international or national level which may lead to the harmonisation of insurance law or the means for resolution of insurance disputes;
- facilitating the exchange of academic know-how between its Members and any other European organisation similarly dealing with insurance-related matters; *(but of course also the exchange of professionals’ know-how, which is equally important)*
- supporting academic work in the field of insurance, such as co-operation with universities or the sponsoring of academic research and papers.



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We hope that the Conference fulfils a number of AIDA Europe's goals. Not the least with respect to questions addressing harmonization of international law and practice, but also with respect to AIDA Europe's engagement with legal research by young academics and professionals. In respect of the latter, it is a great pleasure, witnessing that the *Call for Papers* for legal research on InsurTech related topics has triggered a large interest in the academic world and the business community at large, with over 30 papers having been filed with AIDA Europe's Scientific Committee. The Conference also marks the launching edition of the *AIDA Europe Research Series on Insurance Law and Regulation*. We shall have a dedicated session on the results of the *Call for Papers* and prize awarding ceremony later this morning.

In this afternoon's Breakout Sessions you should have sufficient time to embark on analysis and discussions of specific InsurTech related topics.

They cover

- Technology and Industry Cooperation, run by the colleagues from AIDA Europe's In-house Counsel Committee
- New Liabilities, covering a Fitness Test on how the current legal principles and systems cope with technology and digitalization
- Calibration of the Regulatory Approach on New Technologies. Regulation is in a difficult situation in conjunction with the technological developments, as its principal goal has to be to protect the stakeholders and ensure a proper function of the insurance market place. But who are the players in the new world, and who are the customers and – moreover – what does a computer literate customer expect from an insurer in a technological and digitalized world? With the arrival of new business models, seed money through crowd funding and ICO's (Initial Coin Offering) have

emerged which are accelerating the development of new business models. A recent discussion with the Head of a Swiss neighbouring Financial Market Supervisory Authority underlined the pace at which developments take place nowadays: Not only did the regulator's comments refer to the problem of educating new market entrants about prevailing licensing requirements for insurance companies, but also on legal boundaries for capital raising with ICO's. In today's digitalized world the speed and simplicity demanded to apply to regulatory processes are expected to be aligned with the speed of the technological world. A difficult situation for Regulation.

- Last but not least, the Breakout Sessions also include an example of how standardization of legal principles could add to legal certainty and efficiency. The example reflects the work done by the funded project on *Principles of Reinsurance Contract Standards* under the guidance of Professors Heiss, Schauer and Wandt from the Zurich, Vienna and Frankfurt universities, assisted by an international group of law professors and practitioners. No doubt an interesting project also in the context of the contemplated cooperation and standardization in the reinsurance industry.

Please be not shy in challenging the discussion in these sessions. After all, it is the declared goal of the Conference to discuss and probe all the different legal aspects of the InsurTech developments, but also to gauge possible solutions. They will also be the subject on Friday in the discussion on results and conclusions from the Breakout Sessions.

We are deliberately devoting a significant part of our programme to the topic of InsurTech to allow us to do justice to the many facets, as its impact on insurance practices and their regulation is, no doubt, going to be considerable.

However, other important challenges are around and we would not want to miss covering these. We have tabled them for the Hot Topics and Key Developments Session, where we look at the impact of the General Data Protection Regulation (GDPR), which is coming into effect in May of this year and is closely interrelated with the subject of InsurTech. Furthermore, the Insurance Distribution Directive (IDD) will be covered in this session, as well as the current state of the Brexit, along with some discussion of recent leading cases.

Following a record year for catastrophe losses, we look at the role and requirements of reinsurance in meeting future increasing losses in the first of our Working Party Sessions, which will cover also other topics such as Insurance Distribution and Intermediation, Legal Management Issues and "Dieselgate".

Your Conference would not have been possible without the gracious support of our Sponsors. Even though these days companies and organizations are following a more restrictive expense policy anywhere, we are very grateful of those sponsors who have decided to support the 7th AIDA Europe Conference.

Please take note of who they are:



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We would also like to thank XPRIMM as a media partner in promoting our event on their website and publications. Additionally, legal publishers, Informa Law at Routledge, who, like XPRIMM, have supported us at previous AIDA Europe conferences, and this time are generously making available to all delegates a 20% discount on all their published works (and free shipping) details of which you will find in your Conference packs.

I would also like to take the opportunity here, to thank the [PRESS] for their interest in the Conference.

Any AIDA Europe Conference also needs a dedicated organization team and a host chapter. In the AIDA Polish Chapter, affiliated at Koszminski University, and Koszminski University itself, we have found excellent partners for this Conference. In particular Ania Tarasiuk the Chairwoman of the Polish Chapter has worked incredibly hard to support the organization for the Conference. On behalf of the whole Organizing Team I would like to thank her already at this point for what she has done.

I would not want to close this brief introduction without making sure you find yourself at ease in AIDA Europe's house and know what its goals are. The AIDA Europe Committee has contemplated its Strategic Foundation during the course of last year and at its last Strategy Day earlier this year.

Building on the past achievements and goals of our Members, while at the same time providing new impulses, the four pillars of the AIDA Europe's purpose comprise:



AIDA Europe «Strategic Foundation»



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This should clearly show you that AIDA Europe does not want to be “another” Insurance Conference Organizer. Having the wide spread stakeholder base and looking at its non-profit structure we believe to have an ideal platform for bringing together a blend of excellent insurance legal, market and academic expertise of its own.

In closing this Introduction I should also mention a couple of administrative issues:

We have tried to make sure that you are fully informed about all aspects of the Conference by providing you some information in the small Conference Folder. This also contains information about the Conference Documents Repository, of which you have also been informed by e-mail before the Conference. To access the Conference Document Repository you simply have to go the AIDA Europe Conference Webpage at

<http://www.aida.org.uk/AIDAEurop/aida-europe-conference-warsaw.asp>

to retrieve the documents which are of interest to you. The documents will stay on our Webpage also after the Conference.

At this point, I should perhaps also quickly mention to you that in the Conference Folder you will find directions how to get to tonight’s Reception.

Furthermore a short comment concerning the Conference Delegate Questionnaire:

In order to making sure that we can benefit from your views and comments on the Conference, we are providing you with a Conference Delegate Questionnaire.

«We value your
comments and input»

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As mentioned earlier we *hope that the Conference will offer critical views and provide possible solutions to areas where the new technology and market driven developments are exhausting traditional legal principles.* Perhaps, the latter proposition may be ambitious but it is good to have ambitions, I guess.

Looking back at our first Conference in 2008, which took as its theme, "INSURANCE & REINSURANCE LAW IN EUROPE: NEW CHALLENGES", but in particular the conference venue of Hamburg, I would like to share with you the following picture:



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The subject of InsurTech and the aims of our 7th AIDA Europe Conference comes much like an allegory of this picture. Whilst 10 years ago the Elb Philharmony project [i.e. the construction site] was looking rather chaotic and completion was uncertain, the Philharmony now shines as a landmark.

Difficult to say how the InsurTech Building will look like in the future! But its premises are perhaps similar to the Elb Philharmony's: It is about merging old with new, proven traditional with avantgarde and ground-breaking! Not always an easy task!

If the Conference, however, is able to contribute to this process by developing ideas for an equally stable and visionary foundation for the further development of InsurTech, as the Elb Philharmony enjoys, it has served its purpose! The coming two days will show.

Let's now get in medias res! You have a fully loaded programme ahead of you and two exciting Key Note Speakers who are waiting to come on stage!

05.04.2018 – Christian Felderer

Additional Documentation: **AIDA Europe Strategic Foundation (6.2.2017/8.2.2018)**

AIDA Europe «Passporting Solutions / Broadening Horizons»

