

AIDA LONDON CONFERENCE 13-14/9/2012
“DISTRIBUTION OF INSURANCE PRODUCTS” WORKING PARTY SESSION
13/9/2012 15:15-17:45

Minutes of the Working Party Session

Participants:

- Ioannis Rokas
- Kyriaki Noussia
- Pierpaolo Marano
- Alkistis Christofilou
- Wallace Hsin-Chun Wang
- Stella Sakellaridou
- Estelle Le
- Carlo Galantini
- Ferenc Szebeledi
- Jacquetta Castle
- Olafur Luther
- Rurik Vatnarsson
- Odile Boitte
- Angelo Borselli
- Eva Schothorst
- Paolo Grassi
- Hanne Frederisken
- Ahmet Karayazgan
- Cristiano Cincotti
- Jakub Pokrzywniak
- Konrad Piech
- Nikos Papachronopoulos
- Kirsty Middleton
- Martine Favarger
- Elizabeth Bothwell
- Andreas Glaser
- Maxmilian Guth
- Kari McCormick
- Pascale Van De Vannet
- Berry Jonk-Van Wyk
- Maurits Kalf
- Sjoerd Meijer
- Caroline Bell
- Ralph Fearnhead
- Helen Sails
- Susan Liao
- William Sturge
- Joao Novais
- Javier Venturo
- Laura Hodgson
- Erika Berdi
- Christoph Appel
- Svenja Ritchartz
- Isabelle Audigier
- Aurelio Anselmo
- Mario Riccomagno
- Carlo Heilbron
- Gerhard Koster
- Sandra Ramirez
- David Marino
- Pablo Cerejido
- David McKenna
- Dion Gooderham
- Jacob Kuehl
- Efi Tziva
- Ourania Angelidou
- Paolo Rainelli
- Paolo Montalenti

The meeting was held on Thursday September 13th 2012 between 15:15 and 17:45 hrs at the Grange Tower Bridge Hotel, 45 Prescott Str., London E1 8GP, UK.

The topic of the session was titled: “The most innovative rules of the draft EU Intermediary Directive 2 and the online insurance mediation”.

The Agenda included various speakers and has been conducted as follows:

- Prof. Dr. Ioannis Rokas: opening presentation of the works of the working party session

Prof. Rokas welcomed everyone and informed the audience of a change in the working party's agenda as Prof. Bill Dufwa had to be absent for health reasons.

Prof. Rokas noted that the current session constitutes the 10th session to be held by the Distribution of Insurance Products Working Party and that the Working Party has evolved a lot, given also the importance given both by academics and practitioners to the topic of consumer protection in insurance, which is a notion often encompassed in the thematic units of the Working Party.

Prof. Rokas in his introductory speech talked about the significant evolutions that have occurred in insurance mediation in Europe, i.e. 1/. the fact that the requirements for insurance mediators have extended to cover all sellers of insurance products, including loss adjusters and claims managers, 2/. the fact that the emerging of the concept of the "European passport for insurance intermediaries" will have the effect that cross-border markets within EEA will be covered through a single electronic database, 3/. The fact that Member –States are required to publish the general good rules which are applicable in their respective jurisdictions and 4/. the fact that Intermediaries have to disclose their fee or commission for life products and - after five years - also for the rest of insurance products) is a "hot potatoe" for the insurance industry nowadays.

Further on, Prof. Rokas stressed that online insurance sales are affected by the new developments in insurance mediation regulation and set the following question in order to stir up the discussion i.e. whether the strengthening of the consumer's position requires a compromise as to the absolutely unobstructed electronic sales of insurance.

- Prof. Dr. Pierpaolo Marano : presentation on the topic of "Insurance Intermediation and intermediaries duties in the IMD2"

Prod. Marano stressed that the IMD2 is still in draft format and is to be adopted in late 2013 by the Eur. Council and the Eur. Commission. He also stated that the IMD2 is planned to come into force in 2015. After analyzing the IMD2 and the intermediaries duties as per it, he stressed the

fact that the goal of the IMD 2 Directive is to upgrade consumer protection in insurance by creating common standards to be adopted and by making sure that proper insurance advice is given.

Further on he stressed out that the main IMD2 aims and improvements are: to extend the scope of application of the IMD1, to better manage any arising conflicts of interest, to raise the level of harmonization of any administrative sanctions, to enhance the suitability of insurance advice, and to ensure the maintenance of prof. qualifications. He then went on to give the definitions of “insurance intermediary” and “insurance mediation”, and “insurance remuneration”. Further on he added that the Eur. Commission is entrusted with the power to establish common rules in all member states. He also remarked that the content of the IMD2 resembles to a certain extent the Lamfalussy Report. He then talked of the general principles for insurance products and insurance investment products and contrasted the EU-US position in relation to the above. Then he analysed the remuneration concept in IMD2 and that of the consumer protection, he gave the definition of professional customer and finally made a critical evaluation of the IMD2.

A discussion thereafter followed.

- *Alkistis Christofilou: “Online selling and the regulator: is supervision simpler or more complicated?”*

Mrs Christofilou analysed the issue and concept of passporting rules over the web and stated that the selling of insurance over the web constitutes an alternative distribution channel. She contrasted the position under IMD1 and that proposed under the IMD2 as far as insurance intermediation and European passporting is concerned and analysed the prerequisites for this passporting notion. She went on to talk about the nature of the Freedom of Services notification as well as analyse case law. She further on talked about the proposal of EIOPA for a passport control register, the general goods requirements, as well as the national restrictions for online intermediaries and finished by posing the question of whether supervision is going to be simpler or not, which (question) provided a lot of food for thought.

A discussion thereafter followed.

- Prof. Dr. Wallace Hsin-Chun Wang: E-commerce and distribution of insurance products: a proposal for an appropriate regulatory infrastructure”

On the topic of E-commerce and distribution of insurance products Prof. Wang made a comparative analysis of the position in Canada, the USA, the UK, France and Spain. He contrasted the two models i.e. market conduct regulation and prudential regulation. He talked about risks and regulators as well as regulatory space and stakeholders. He then analysed the role of insurance regulation as per the currently developed regulatory infrastructure and talked about a proposal for appropriate regulatory infrastructure. Further on he elaborated on the issue of consumer protection and the disclosure regulation and stated the main problems in the disclosure regulation. Finally he made some conclusive remarks re the notions of e-commerce and disclosure in intermediation, operating risk, moral hazard, settlement issues as well as re the notion of disclosure and the possible creation of an e-record for consumers.

A discussion thereafter followed.

- Dr. Kyriaki Noussia: Conclusive remarks for IMD2 and the notion of ADR and out of court settlement in the IMD2

Dr. Noussia summarised the main points of what was stated by the previous speakers and went on to talk about and analyse the ADR and out of court settlement options offered in the IMD2. She stressed the importance of the draft IMD2 where it not only encourages but expects the setting of an ADR and out of court settlement mechanism and praised this evolution in relation to the IMD1. Finally she made some overall critique.

A discussion thereafter followed.

- *Prof. Dr. Ioannis Rokas: conclusive remarks, future developments, next meetings*

Prof. Rokas made some overall conclusive remarks and announced the next meetings of the Working party, firstly in May 2013 in Lisbon and thereafter in Sept. 2013 in Sydney. He stated that the topics for these sessions are still being discussed and said that an international perspective is on board for those sessions. Finally he stated that a possible topic may be that of the broker's liability in large risks, but he also welcomed any other ideas.

Athens 18/09/2012

Dr. Kyriaki Noussia
Secretary to the WP

