



**EDITORIAL**



Dear members,

I invite you to take part in the survey which will be conducted in March on the risk management function by an independent third party organisation. The more risk managers who participate, the more useful the responses will be for them to benchmark against their own situations. The confidentiality is protected. and we do not see the identity of those who respond, only the total figures.

There are also major developments on European issues with Quantitative Impact Study 4 (QIS4) in the Solvency II project, which will impact the captive industry and will take place from April until June 2008. It is important to take part to get your voice heard as the results of QIS4 will feed into the development of implementing measures.

The CEA issued a report entitled "The Environmental Liability Directive: Enhancing Sustainable Insurance Solutions".

Kind regards,

Marie-Gemma Dequae  
President

\_\_\_\_\_

\_\_\_\_\_

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 (florence.bindelle@ferma.eu)

© Copyright 2008 FERMA. All Rights Reserved. No distribution or reproduction of this issue or any portion thereof is allowed without our written permission except by the recipient for internal use only within the recipient's own organisation.

## **Future of FERMA – Members views**

Ferma launched a survey in December to get members views on the present and the future of Ferma. 137 members answered. The Executive board tackled the results and identified the areas for improvement during their monthly meeting in

---

# EUROPEAN AFFAIRS

---

## Solvency II – Impact on Captives

During the Public Hearing on Solvency II and QIS4 on 28 January 2008, the European Commission focused on the overall Solvency II project and the importance of the Fourth Quantitative Impact Study (QIS4) within the process. It discussed the implementation of the proportionality principle, especially with respect to SMEs, involved an exchange of views on Group solvency and the question of Internal Models. The event was extremely well attended with over 230 people present, and many others watching the event over the internet using the webstreaming facilities. During the closing speech, Director General Jörgen Holmquist indicated that the adoption of Solvency II would set a world-leading standard and it was therefore crucial that all stakeholders worked together to ensure that the solvency II timetable is maintained.

The summary of the day and presentations made by the speakers are available on: [http://ec.europa.eu/internal\\_market/insurance/solvency/index\\_en.htm#qis4](http://ec.europa.eu/internal_market/insurance/solvency/index_en.htm#qis4)

The European Commission (EC) recognizes that the solvency 2 project must be adapted to allow reinsurance captives activity. The next testing phase would include new rules. Luxembourg authorities in liaison with Dublin are working on technical details. Insurance captives would not be in the scope because EC thinks that countries members having no captives would be flexible for reinsurance captives having no third party business but would reject any direct writing having a special regime. FERMA is currently working on the implementation of specific measures for captives with the EC; and follows with European Parliament and CEIOPS representatives.

FERMA encourages the members who have captives managers to take part in the QIS 4 Impact study.

## Intermediation Directive

It seems established that the Intermediation Directive is under review by the European Commission to bring transparency and FERMA follows currently the topic.

## Environmental Directive

The Comité Européen des Assurances (CEA) unveiled its new publication entitled 'The Environmental Liability Directive: Enhancing Sustainable Insurance Solutions' at a CEA workshop in Brussels on 13<sup>th</sup> February 2008. The aim of the report is to stimulate and further deepen the

discussions with key stakeholders on the insurance provisions of the Environmental Liability Directive and to highlight areas in which insurers might provide affordable risk transfer solutions in this new field of sustainable development and environmental protection. The report also sets out the progress of Member States in transposing the Directive. By 1 January 2008 fewer than half of the Member States had enacted the Directive into national law.

At a time when some insurance solutions are starting to appear in European insurance markets, the report highlights areas in which underwriters may wish to provide protection against the environmental risks envisaged in the Directive.

CEA's work is focused on fundamental research and the identification of possible building blocks for insurance products. However, as the European Commission starts to pursue legal action against the 16 Member States who failed to transpose the Directive by the 30 April 2007 deadline, the CEA report acknowledges that a clear legal framework and a close relationship to the Directive are keys to the development of sustainable insurance solutions.

The CEA workshop on Environmental Liability was attended by around 130 key stakeholders, including Member State transposition authorities, national insurance associations, European Commission officials, insurance providers and brokers.

The report is available on: [http://www.cea.eu/uploads/DocumentsLibrary/documents/1202904244\\_environmental-liability.pdf](http://www.cea.eu/uploads/DocumentsLibrary/documents/1202904244_environmental-liability.pdf)

## Coinsurance

FERMA has met with DG Competition and CEA to define some guidelines to be established between consumers and insurers to meet the expectations of the European Commission. The EC welcomes this initiative. The CEA is producing a position paper and following the result will consider establishing a Working group with FERMA.

## Block Exemption Regulation (BER)

The EC launches a consultation in March on the opportunity to keep the BER, to keep it with some conditions or to leave it. FERMA will not take position on this due to the different opinions between members but individuals interested can answer and contact FERMA in March.

---

# **MEMBERS NEWS**

---

## **AIRMIC – ASSOCIATION OF RISK AND INSURANCE MANAGERS – UK**

When risk managers gather in Edinburgh in June for the annual AIRMIC conference, they will be able to discuss a particularly turbulent and interesting year for our profession. Here are some of the main features.

2007 saw the culmination of a successful project within the London insurance market to deliver “contract certainty,” so that clients receive policy wordings at inception. Risk managers continue, however, to have real concerns about the clarity of wordings and the lack of certainty over claims payment.

Against this background, AIRMIC has begun work on a claims index to compare insurer performance. This is, of course, a very complex exercise, but we have defined what we think we can achieve and how. We have identified the three main project strands, and hope soon to announce a pilot project. Our initiative has already pushed claims payment higher up the agenda.

AIRMIC has also strongly welcomed proposals by the UK Law Commission to reform insurance law, which would introduce a fairer balance between buyers and insurers and bring greater clarity.

We have, meanwhile, responded to the EU Commission sector enquiry whose initial report suggested that the current practice of sharing risks in London was inherently anti-competitive. AIRMIC saw things differently. We were pleased, therefore, to learn from EU officials that they had broadly accepted this argument.

Broker remuneration remains a hot issue. Most AIRMIC members now have the transparency they require, but this is not always the case with the SME market. Our regulator, the FSA, recently decided against requiring automatic disclosure by brokers for the time being. We

**APOGERIS –  
ASSOCIAÇÃO  
PORTUGUESA DE  
GESTÃO DE RISCO E  
SEGUROS –  
PORTUGAL**

APOGERIS is organizing in March with Business





**SWERMA – SWEDISH RISK  
MANAGEMENT  
ASSOCIATION - SWEDEN**

Since the last edition we have had further Board meetings in order to discuss our future strategy and how to fulfil the members requests.

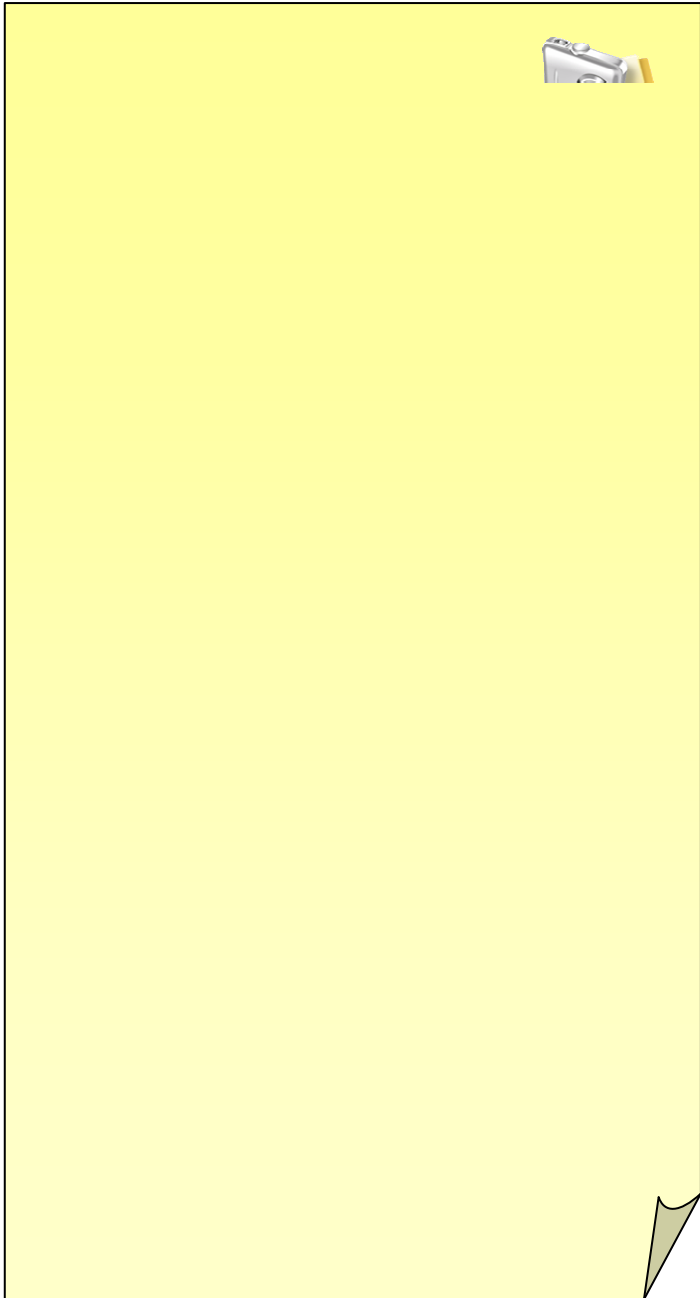
Regularly we invite our members to come and visit another members "home" and see that Company's activities, Risk Management work as well as get an insight in the Insurance structure. Lately we have visited the Swedish Post, The Insurance Company Trygg-Hansa (RSA/Codan) and we will soon have a possibility to look further into EON, the energy company. These 2 – 3 hours activities have been much appreciated.

The big event coming up is our annual gathering over 100 Insurance/Risk Management / Consultants / Brokers in Stockholm 27 – 28 March.

In the Agenda we find e.g. topics like ERM, Internal Control, Corporate Governance from an EU perspective, the effects of the Climate changes and the changes in the Swedish Insurance market. The first day ends with a Buffet in the evening.

For day 2 there will be two workshops, one re "Successful ERM implementation" and the other re "Risk transfer in practice".

The SWERMA RISK FORUM is the biggest "meeting points" for our colleagues during the year.



**AGENDA**

	FERMA Executive Board – Conf. call		FERMA Executive Board – Conf call		FERMA Executive Board – Conf call		FERMA Executive Board – Conf call
	FERMA – EU Affairs Conf. Call		POLRISK Conference - Warsaw		AGERS Conference - Madrid		AIRMIC Conference - Edinburgh
	CEA – Solvency II Conference –Brussels		Strategic Risk Awards - Paris		NARIM Conference - Ermelo		BELRIM – General Assembly - Brussels
	Committee Forum 2009 - Brussels		RIMS Conference – San Diego				FERMA Board meeting - Brussels
	FERMA Board of Directors – Conf. call		FINNRIMA Conference - Helsinki				FERMA General Assembly - Brussels
	SWERMA conference						
	Meeting with Fuedi - Brussels						