

Transparency & Disclosure!



**BIPAR, 3rd February
2010, Brussels**

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Agenda

FERMA

- Who do we represent
- Mission & objectives

Proposal on transparency and disclosure

- The Principles
- The highlights
- The (draft) agreement
- Timing & the way to go forward

Who are the Members?

Nr Ass.	Country (18 countries)	Associations (20 Associations)
1	Belgium	Belrim
2	Bulgaria	Brima
3	Czech Republic	Aspar Cz
4	Denmark	Darim
5	Finland	Finnrima
6	France	Amrae
7 & 8	Germany	Bfv & DVS
9	Italy	Anra
10	The Netherlands	Narim
11	Norway	NORIMA
12	Poland	Polrisk
13	Portugal	Apogeris
14	Russia	Rusrisk
15 & 16	Spain	Agers & IGREA
17	Sweden	Swerma
18	Switzerland	Sirm
19	Turkey	Erma
20	United Kingdom	Airmic

What is FERMA's role?

Mission Statement

- FERMA exists to support its members by coordinating and enhancing awareness and effective use of risk management, insurance and risk financing in Europe

Strategic Objectives

- To coordinate, promote and support the development and application of risk management in Europe
- To be recognised as a significant stakeholder in the decision making process at the European level on risk management and insurance issues



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The principles

- Industry agreement instead of position paper
- Between FERMA, representing the individual members of its members' national associations (further referred to as *Ferma members*)
- And BIPAR, representing the individual members of its members national associations (further referred to as *Bipar members*)
- Should not be in conflict with National Laws & Regulations and or EU and National competition rules
- Re: Business Insurances of *Ferma members*

proposal on transparency & disclosure

The highlights

- Management of potential conflict of interests
- Disclosing financial information on all remuneration which is directly related to the placing and/or servicing of the *FERMA members* business insurances
- Disclosing the source and a general description of the type of remuneration not directly related to placing and/or servicing of the *FERMA members* business insurances.
- Disclosing remuneration without request

proposal on transparency & disclosure

The draft agreement

1. BIPAR members will provide FERMA members with **sufficient and clear information** to enable them to make informed decisions about the purchase of insurance products and **the nature of their services**.
2. BIPAR members should inform FERMA members **in which capacity they operate** in relation to the services provided.
3. FERMA and BIPAR agree that **management of potential conflicts of interest** by BIPAR members, in the servicing of FERMA members business insurances, can only be successfully managed if there is transparency and disclosure of all types of remuneration.

proposal on transparency & disclosure

The draft agreement

4. FERMA members are entitled to receive **financial information regarding any remuneration** a BIPAR member (including but not limited to its parent company and/or subsidiary and/or affiliated company) will receive which is **directly related to the placing and servicing** of the FERMA members business insurances.

proposal on transparency & disclosure

The draft agreement

5. FERMA members are also entitled to receive **information regarding any type of remuneration**, a BIPAR member (including but not limited to its parent company and/or subsidiary and/or affiliated company) will receive **not directly related to the placing and/or servicing** of the FERMA members business insurances, but in which the FERMA members business insurances are taken into account as such, in agreements with Insurers (including but not limited to the Insurers parent company, subsidiary and/or affiliated company) that is involved in underwriting one or more of those business insurances of the FERMA member.

These agreements with Insurers could be based on the volume or profitability of the insurance business placed or any other form of commission, work transfer payments, overrides, bonuses etc..

proposal on transparency & disclosure

The draft agreement

5. (continued)

- The disclosure will provide the following information:
- Do you receive any form of remuneration from Insurers involved in the FERMA members business insurances, which is not directly related to the placing and/or servicing of the FERMA members business insurances?
- If “YES”, please provide the name of the Insurer.
- Please provide a general description of the remuneration agreement.

proposal on transparency & disclosure

The draft agreement

- 6.** FERMA and BIPAR agree that **disclosure of all remuneration** should be issued to the FERMA member **without request**.
- 7.** It is the intention of both parties that this Agreement should not impede the application of EU and national competition rules and other applicable rules on the remuneration of intermediaries.

proposal on transparency & disclosure

Timing & way to go forward

- FERMA Members, National Associations are in the process of reviewing the Draft Agreement (March 2010)
 - To date,
 - 8 National Associations approved
 - FERMA Board of Directors approved
- Internal discussions BIPAR members
- Feedback BIPAR to FERMA
- Meeting BIPAR & FERMA to discuss the agreement
- Sign agreement (Sept. 2010 preferably sooner)

Thank you for the invitation!

FERMA aisbl.

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