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**Middle East:** HFw attending the DIFC Annual Legal Gala 2017, Dubai

**USA:** HFw attending ARIAS US 2017 Fall Conference



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## 1. REGULATION AND LEGISLATION

**EU: Complex insurance-based investment products (IBIP) and the insurance distribution directive (IDD) – EIOPA final guidelines**

Following its consultation in February, the European Insurance and Occupational Pensions Authority (EIOPA) published its final guidelines on complex IBIP under the IDD (Guidance). The Guidelines have been developed pursuant to Articles 30(7) and (8) of IDD and apply to execution-only sales of IBIPs and are aimed at minimising the risks to consumers arising from mis-selling of products in Europe’s 10 trillion funds market.

IBIPs are insurance products which offer a maturity or surrender value and which are also affected by market fluctuations. Examples include unit-linked life policies or life policies with profit sharing/participation. Execution-only sales are typically completed via telephone or online and where the insurer or insurance distributor does not provide any advice or verify the customer’s knowledge of the product and the risks involved.

The Guidelines include an assessment criteria which will assist in identifying product features that are difficult for a customer to understand. By way of example, charges paid by the customer or the ability to surrender the product before maturity are features of a product that cannot be sold via “execution-only”. The Guidelines consider how product charges and surrender fees and traditional and pooled investment products should be treated. The mere presence of profit-sharing would not automatically mean that a product is labelled as complex and therefore precluded from being sold via “execution-only”.

From January 2018, where the associated risks of an IBIP are difficult to understand for customers, a comprehension alert has to be included in the key information document issued to the customer. EIOPA’s chairman explained that the purpose of the Guidelines is to

ensure that, when using distribution channels, insurers and brokers will need to consider carefully if their products and associated risks can be readily understood. The Guidelines will regulate the appropriate use of “execution-only” sales of IBIPs and will help regulators spot features that can make a product difficult to understand.

The full guidelines can be read at [https://eiopa.europa.eu/Publications/Reports/Final\\_Report\\_IDD\\_guidelines\\_execution\\_only.pdf](https://eiopa.europa.eu/Publications/Reports/Final_Report_IDD_guidelines_execution_only.pdf) and the supporting press release at [https://eiopa.europa.eu/Publications/PressReleases/EIOPA\\_publishes\\_Guidelines\\_on\\_%E2%80%9Cexecution-only%E2%80%9D\\_sales.pdf](https://eiopa.europa.eu/Publications/PressReleases/EIOPA_publishes_Guidelines_on_%E2%80%9Cexecution-only%E2%80%9D_sales.pdf).

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## 2. MARKET DEVELOPMENTS

**Worldwide: Blockchain technology promises efficiencies across the life-cycle of reinsurance contracts**

Having begun market beta-testing of its reinsurance blockchain prototype at the Monte Carlo Rendezvous last month, the Blockchain Industry Initiative, B3i, has grown the number of participants in its innovative project by a further 23 companies. The rapid deployment and expansion of this project may herald adoption by the industry of this groundbreaking technology sooner than most would have expected, especially in view of the calibre and diversity of the members.

Including the new participants, the members of B3i now comprise Achmea, Aegon, Ageas, AIA, AIG, Allianz, Aon, Chubb, Covéa, Everest Re, Generali, Gen Re, Guy Carpenter & Marsh, Hannover Re, JLT Re, Leadway Assurance, Liberty Mutual Insurance, LocalTapiola, Mapfre Re, Munich Re, Navigators, PartnerRe, QBE Re, RGA, SAHAM Assurance, Sava Re, SCOR, Sampo Japan Nipponkoa Insurance, Swiss Re, Takaful Emarat, TigerRisk, Tokio Marine Holdings, Trust Re, UnipolSai, Willis Re, XL Catlin and Zurich Insurance Group.

The preliminary aim of the project is to use a blockchain to facilitate the administration of reinsurance contracts throughout their lifecycle, from contract formation and administration to claims handling. By establishing a single, trusted, updated and error resistant blockchain based repository for the relevant information, it is hoped that this technology will eventually eliminate the need for participants to maintain their own records, thereby reducing duplication of effort in the market and the risk of errors and inconsistencies as between different participants' data.

The promise of blockchain technology does of course offer more than merely consolidating information and the scope for further innovation should not be underestimated. While B3i continues to consider new use cases and to expand the existing project beyond property and casualty reinsurance, it is suggested that the prospect of automatic and near-instant premium and claims transactions may be closer at hand than ever before.

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### 3. CLIENT FEEDBACK

#### Our survey

We care what our clients think. Please go to <https://www.surveymonkey.co.uk/r/JGB886X> to complete our short confidential survey on the bulletin.

### 4. HFW PUBLICATIONS AND EVENTS

#### UK: HFW attending the Onshore Energy Conference, London

On 1 November, Partners Nigel Wick and Jonathan Bruce will attend the Onshore Energy Conference, London.

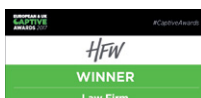
#### Middle East: HFW attending the DIFC Annual Legal Gala 2017, Dubai

On 2 November, Partner John Barlow will attend the DIFC Annual Legal Gala 2017, Dubai.

#### USA: HFW attending ARIAS US 2017 Fall Conference

From 2 to 3 November, Partners Christopher Foster and Costas Frangeskides will attend the ARIAS US 2017 Fall Conference in New York, USA.

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