

Insurance/
Reinsurance

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Welcome to HFW's Insurance Bulletin, which is a summary of the key insurance and reinsurance regulatory announcements, market developments, court cases and legislative changes of the week.

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Paul Wordley, Partner, paul.wordley@hfw.com

Andrew Bandurka, Partner, andrew.bandurka@hfw.com

William Reddie, Associate, william.reddie@hfw.com





hfw 1. Regulation and legislation

Hong Kong: Competition Commission releases final Leniency Policy for Undertakings Engaged in Cartel Conduct and Enforcement Policy

On 19 November the Competition Commission published its final Leniency Policy for Undertakings Engaged in Cartel Conduct and Enforcement Policy both of which are available at: <http://www.compcomm.hk/en/index2.html>.

For more information, please contact **Caroline Thomas**, Senior Associate, on +852 3983 7664, or caroline.thomas@hfw.com, or your usual contact at HFW.

UK: Opt-out add-on insurance sales ban: improving competition and preventing exploitation

From 1 April 2016, UK financial services firms will no longer be able to use opt-out methods as a means of selling “add-ons” to customers purchasing regulated financial products including insurance. The rules apply to all add-on products (regulated and unregulated) which are sold alongside financial products examples include breakdown cover sold with motor insurance. The FCA has issued new guidance on general insurance add-on sales with a deadline of 30 September 2016 for compliance.

A market study commissioned by the FCA found that customers were “overpaying for add-ons by as much as £108 to £200m per year”. The changes are therefore aimed at “improv[ing] competition in the market around add-on sales and prevent[ing] the exploitation of customer biases,



The policy statement issued by the FCA confirms that the rules will not apply retrospectively but that firms must not make it “*unduly difficult for customers to elect not to renew these add-ons*”. Indeed, on renewal firms will need to take reasonable steps to ensure that customers are aware of the products they were previously sold on an opt-out basis before the rules were in force.

LIZZIE GRAY, ASSOCIATE

which can lead to customers purchasing products they do not need and overpaying for these products”. The intention is that this will encourage customers to take a more informed approach in deciding which products to purchase.

The policy statement issued by the FCA confirms that the rules will not apply retrospectively but that firms must not make it “*unduly difficult for customers to elect not to renew these add-ons*”. Indeed, on renewal firms will need to take reasonable steps to ensure that customers are aware of the products they were previously sold on an opt-out basis before the rules were in force.

For more information, please contact **Lizzie Gray**, Associate, on +44 (0)20 7264 8752, or lizzie.gray@hfw.com, or your usual contact at HFW.

UK: Proposed changes to the Senior Insurance Managers Regime: joint consultation paper issued

The FCA and PRA have issued a joint consultation paper in relation to proposed changes to the Senior Insurance Managers Regime to include Swiss general insurers. This is in response to an update to the Swiss Treaty Agreement which is in the process of being made and the PRA is therefore proposing to introduce some interim rules for Swiss general insurers from 7 March 2016. Those wishing to comment on the proposals will have until 11 January 2016 to do so.

For more information, please contact **Lizzie Gray**, Associate, on +44 (0)20 7264 8752, or lizzie.gray@hfw.com, or your usual contact at HFW.



hfw 2. Market developments

UK: Lloyd's bosses advocate insurance industry and technology sector partnership

Chief executive, Inga Beale and chairman, John Nelson echoed on another in their support for the insurance industry to embrace the UK's ever-growing technology sector.

Whilst speaking at the Lloyd's FinTech event, The Technology Revolution, both Beale and Nelson emphasised the UK's need to keep pace with the rest of the world through a partnership between the insurance industry and technology sector. Beale remarked: *"when we visit some of the global "emerging" markets for insurance, what surprises us is how much they are embracing technology"*.

Stressing the importance of developing an *"instech"* identity for the survival of the UK's insurance market, Nelson declared, *"for Lloyd's and other London insurers and reinsurers to maintain growth in the global specialist market over the next few years, we have to evolve and adapt. If we stand still, we will all get left behind"*.

The pair also expressed their belief that London could pioneer the FinTech revolution, with Nelson adding, *"we have a unique and world-beating combination of a globally dominant financial services and insurance industry, sitting alongside a rapidly expanding tech sector rivaling Silicon Valley"*.

For more information, please contact **Lucinda Rutter**, Associate, on +44 (0)20 7264 8226, or lucinda.rutter@hfw.com, or your usual contact at HFW.

hfw 3. HFW publications and events

Latin America: HFW attend Latin American Association of Marine Underwriters (ALSUM) Conference

HFW Partner **Geoffrey Conlin** attended the ALSUM Conference in São Paulo between 17 and 19 November. The conference was directed at professionals involved in marine insurance business in the region, including (re)insurers, brokers, claims adjustors, risk management companies and law firms.

UK: HFW to attend the Airmic Annual Dinner

The Airmic Annual Dinner takes place on 8 December 2015 at Grosvenor House. HFW have taken two tables at this annual dinner. There will be a number of Partners in attendance, including Graham Denny, Costas Frangeskides, Paul Wordley, Jonathan Bruce, Giles Kavanagh, Edward Spencer, Nick Hughes, Pierre-Olivier Leblanc and Nigel Wick, along with clients from the Insurance and Aviation market.

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