

Insurance/  
Reinsurance

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# INSURANCE BULLETIN



## In this week's Insurance Bulletin:

### 1. Regulation and legislation

UK: IAIS publishes August 2016 newsletter

UK: Insurance Distribution Directive: EIOPA online survey

### 2. Market Developments

UK: FCA disappointed by conduct of principals and their appointed representatives

### 3. HFW publications and events

HFW attend Rendez Vous de Septembre in Monte Carlo

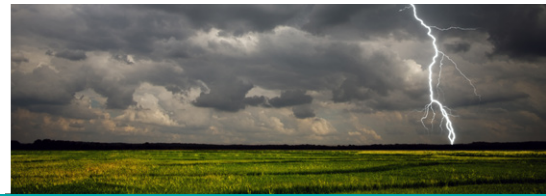
HFW to attend Asia Offshore Energy Conference

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## **hfw** 1. Regulation and legislation

### **UK: IAIS publishes August 2016 newsletter**

**The International Association of Insurance Supervisors (IAIS) has published its August 2016 newsletter, which provides an update on the IAIS's self-assessment and peer review programme (SAPR). These assessments, which are conducted on a thematic basis, provide members with an overview of their compliance with each standard of the assessed insurance core principles (ICPs) and result in an aggregate report.**

The SAPR was originally envisaged as a tool for enhancing understanding and observance of the ICPs, to complement other assessments completed by the World Bank and the International Monetary Fund (IMF). However, as matters have developed, the IAIS's assessments have taken on more significance, as financial sector assessments under the auspices of the IMF and the World Bank become less frequent for many supervisory authorities.

The IAIS plans to review the SAPR against the backdrop of this changing environment. As part of this process, the Implementation Committee is identifying options for presentation and Executive Committee discussion in January 2017.

A copy of the August 2016 IAIS newsletter can be found at: <http://www.iaisweb.org/page/news/newsletter/file/62073/iais-newsletter-august-2016>

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**In launching the online guidelines survey, EIOPA has acknowledged that the final technical advice it submits to the European Commission may influence the content of the guidelines.**

BEN ATKINSON, SENIOR ASSOCIATE

### **UK: Insurance Distribution Directive: EIOPA online survey**

**EIOPA has launched an online survey on the development of guidelines under Article 30(7) of the Insurance Distribution Directive ((EU) 2016/97) (IDD), on which we reported in last week's bulletin<sup>1</sup>.**

Under Article 30(7), EIOPA is required to develop guidelines for the assessment of insurance-based investment products (IBIPs), the structure of which makes it difficult for customers to understand the risks involved. EIOPA has a deadline of 23 August 2017 for publication of such guidelines.

EIOPA is seeking the views and input of stakeholders on the scope of the guidelines and the type of IBIPs that may be relevant.

In our 15 July 2016 bulletin<sup>2</sup> we reported on EIOPA's consultation on its draft technical advice to the European Commission on IDD delegated acts. In launching the online guidelines survey,

EIOPA has acknowledged that the final technical advice it submits to the European Commission may influence the content of the guidelines. However, EIOPA has nonetheless decided to initiate a fact-finding exercise on the guidelines now, in view of the August 2017 deadline.

The online survey can be found at: [https://ec.europa.eu/eusurvey/runner/IDD\\_Guidelines\\_Survey](https://ec.europa.eu/eusurvey/runner/IDD_Guidelines_Survey) and is open until 25 September 2016.

EIOPA has indicated that, once draft policy proposals have been prepared, it will launch a public consultation on those proposals.

For more information, please contact [Ben Atkinson](#), Senior Associate, London, on +44 (0)20 7264 8238, or [ben.atkinson@hfw.com](mailto:ben.atkinson@hfw.com), or your usual contact at HFW.

<sup>1</sup> [http://www.hfw.com/Insurance-Bulletin-8-September-2016#page\\_4](http://www.hfw.com/Insurance-Bulletin-8-September-2016#page_4)

<sup>2</sup> [http://www.hfw.com/Insurance-Bulletin-15-July-2016#page\\_2](http://www.hfw.com/Insurance-Bulletin-15-July-2016#page_2)



## **hfw** 2. Market developments

**UK: FCA disappointed by conduct of principals and their appointed representatives**

**The Financial Conduct Authority’s (FCA) thematic review of general insurance firms acting as principals and their appointed representatives<sup>1</sup> revealed that most principals could not consistently demonstrate that they understood the regulatory requirements when considering the appointment of an appointed representative.**

In the UK general insurance sector, there are approximately 20,000 appointed representatives (ARs) which accounts for 25% of all ARs registered under the UK regulatory framework. ARs are exempt from authorisation under the Financial Services and Markets Act 2000 as their ability to carry on regulated activities is due to their principal firm being responsible for their regulatory obligations. Any act or omission done by the AR is considered as being committed by the principal itself. You would therefore expect a principal firm to consider these appointments seriously.

The FCA’s review was based on a selected sample of 15 firms, which included visiting 14 of those firms and 25 ARs.

Part of that review focused on three key areas: (a) business models and risk management, (b) governance and oversight and (c) customer outcomes. The findings were disappointing across all three.

Over half of principals in the sample could not consistently demonstrate that they had effective risk

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management, oversight and control frameworks to identify, monitor and mitigate risk arising from the activities of their appointed representatives.

In respect of customer outcomes, the review made it apparent that there were short comings with principal firms’ risk management systems and oversight and control systems. These failures present a heightened risk of customers buying insurance products which may not be suitable for them or in some cases doing so on an uninformed basis.

Unsurprisingly, the review was a cause for concern for the FCA. Two cases resulted in section 166 skilled persons report to be commissioned to address issues identified and another principal firm’s permissions were removed with the principal firm leaving the industry.

The FCA’s expectation of principals to demonstrate that they consistently comply with their regulations is not an unrealistic one but following the “Dear CEO” letter sent by the FCA to the chief executives of principal firms, it will be interesting to see whether those firms improve upon the issues identified in the review.

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## **hfw** 3. HFW news, publications and events

**HFW attend Rendez Vous de Septembre in Monte Carlo**

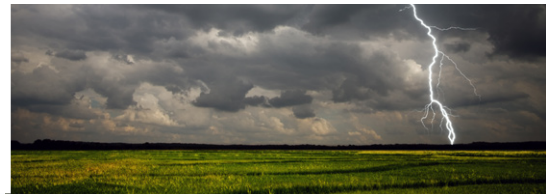
HFW Partners Richard Spiller and Ashwani Kochhar attended the annual Rendez Vous de Septembre in Monte Carlo from Sunday 11 September to Wednesday 14 September.

**HFW to attend Asia Offshore Energy Conference**

On Wednesday 21 September to Friday 23 September, HFW Partners Paul Wordley, Sam Wakerley and Andrew Dunn will be attending the Asia Offshore Energy Conference in Jimbaran, Indonesia.

1 TR16/6 Principals and their appointed representatives in the general insurance sector





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