

Insurance sector: Law-Now alerts, tools and latest news

Law-Now alerts and other tools

Law Now "[OFT proposes to send private healthcare market to the Competition Commission](#)" (9/12/11)

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Seminar: "[Regulation in the insurance sector: update on current FSA risks and preparations for the FS Bill and Bank of England regime](#)" (22/11/11)

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Latest news

EIOPA: Implementation of Solvency II

EIOPA has published the text of a letter it has sent Michel Barnier raising concerns over certainty in the implementation of Solvency II, urging a vote on Omnibus II in the near future to ensure a clear timeline can be communicated to stakeholders. (2/02/12) https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/otherdocuments/2012-01-31_EIOPA_12_036_Implementation_on_Solvency_II_-_Letter_to_Commissioner_Barnier.pdf

FOS: "Volcanic ash-cloud" travel-insurance claims

FOS has updated its online resource on travel insurance with regard to the above. In March 2011, FOS made a key ruling on the case which it expected travel insurers to use as a guide to FOS's general approach to these types of complaint. In June 2011, Europ Assistance launched a judicial review against FOS on this ruling which resulted in 300 consumers' complaints being put on hold until the legal action was settled. In January 2012, the Court rejected Europ Assistance's legal challenge – and Europ Assistance confirmed that they would not be pursuing their legal action. They have said that they will now be handling complaints in line with FOS. FOS notes that it will be contacting consumers involved to update them on their own individual case. (1/02/12) [travel insurance](#)

FOS: PPI

FOS has added more case studies and guidance to its online technical resource, which sets out FOS's approach to disputes over whether PPI was sold or not – including letters it has sent about this to financial businesses and to claims-management companies. (27/01/12) http://www.financial-ombudsman.org.uk/publications/technical_notes/ppi/was-a-policy-sold.html http://www.financial-ombudsman.org.uk/publications/technical_notes/ppi/ppi-CWletterD.pdf http://www.financial-ombudsman.org.uk/publications/technical_notes/ppi/ppi-CWletterC.pdf

FSA: Aston Midlands Insurance

FSA has published a press release which advises that it has received reports the firm sold policies to customers but failed to properly register their details and premiums and, that, as a result, customers may not be covered as a driver on UK roads and may need to arrange other insurance. (23/01/12) <http://www.fsa.gov.uk/consumerinformation/firmnews/2012/aston-midshires-insurance.shtml>

EC: Guidelines on the application of Council Directive 2004/113/EC to insurance, in the light of the judgment of the Court of Justice of the European Union in Case C-236/09 (Test-Achats)

This has now been published in the Official Journal. (21/01/12) <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2012:011:0001:0011:EN:PDF>

Consumer Insurance (Disclosure and Representations) Bill [HL]

A Bill to make provision about disclosure and representations in connection with consumer insurance contracts. (19/01/12) <http://www.publications.parliament.uk/pa/bills/cbill/2010-2012/0274/2012274.pdf>
<http://www.publications.parliament.uk/pa/bills/cbill/2010-2012/0274/en/2012274en.pdf> (Explanatory Notes)

Pensions Regulator: Regulator sets scene for 2012 DB communications

This press release notes that the Pensions Regulator plans to issue a statement in April 2012 to help trustees dealing with the valuation and recovery plan process in the current economic climate. It intends to publish a statement each year setting out its stance. In addition, it plans to consult with the industry in April on the procedures that its case teams follow as they bring a case to the regulator's Determinations Panel. Alongside this, the Determinations Panel will also consult on an updated version of the procedures it follows for making a determination on a case. (18/01/12) [Regulator sets scene for 2012 DB communications | The Pensions Regulator](#)

ABI: Appointment

ABI has appointed Stephen Gay as its new Director of Life, Savings and Protection. He is currently AIFA's DG and, as part of this role, is also DG of AMI and AFB. (13/01/12) http://www.abi.org.uk/Media/Releases/2012/01/Stephen_Gay_to_be_Director_of_Life_Savings_and_Protection_at_the_Association_of_British_Insurers.aspx

City of London Police: Insurance Fraud Enforcement Department

CLP has formally announced the creation of this operationally independent unit – run by the City of London Police and supported by ABI – dedicated to tackling insurance fraud across the UK. It will act on evidence of motor insurance, commercial and public liability fraud and illegal insurance advisers. (4/01/12) <http://www.cityoflondon.police.uk/CityPolice/Media/News/IFEDlaunchtoday3012012.htm>

BIS: The sustainability of pension schemes

This working paper aims to provide a quantitative guidance for the design of sustainable pension schemes by taking a simple actuarial model to estimate the costs involved in supporting occupational DB schemes and public pension schemes. (3/01/12) <http://www.bis.org/publ/work368.pdf>

EC: Guidelines on the application of Council Directive 2004/113/EC to insurance, in the light of the judgment of the Court of Justice of the European Union in Case C-236/09 (Test-Achats)

The EC has adopted guidelines to help the insurance industry on the implications of the Test Achats case. The guidelines adopted today cover a series of issues which emerged from in-depth consultations with Member States and stakeholders. For example, they clarify that the ruling applies only to new contracts, in particular to contracts concluded as from 21 December 2012. They also give specific examples of what is considered a "new contract" to ensure a comprehensive

application of the unisex rule at EU level from the same date. In addition, the guidelines provide examples of gender-related insurance practices which are compatible with the principle of unisex premiums and benefits, and therefore will not change because of the Test Achats ruling. These practices are very diverse, ranging from the calculation of technical provisions to reinsurance pricing, medical underwriting or targeted marketing. (22/12/11) [European Commission gives guidance to Europe's insurance industry to ensure non-discrimination between women and men in insurance premiums - Justice](http://ec.europa.eu/justice/gender-equality/files/c_2011_9497_en.pdf) http://ec.europa.eu/justice/gender-equality/files/c_2011_9497_en.pdf

FRC: Statutory money purchase illustrations

FRC's Board for Actuarial Standards has published a new version of its technical memorandum on the above, which sets out the assumptions to be used in statutory money purchase illustrations. The changes to the previous version include text which emphasises that providers of SMPs must take proper account of potential investment returns when setting the long-term investment assumption used in their projections. (22/12/11) <http://www.frc.org.uk/images/uploaded/documents/TM1%20v2%200%20final.pdf>

EIOPA: Reporting under Solvency II

EIOPA has published the text of a letter it has sent to the European Parliament, in which it expresses "strong concerns" about reporting lines under Solvency II as currently proposed, suggesting that "they would achieve precisely the opposite effects as the ones the European Parliament intends". (22/12/11) https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/otherdocuments/EIOPA_11_237_Burkhard_Balz.pdf

EIOPA: Proposal for quantitative reporting templates for financial stability purposes

EIOPA has published this consultation, noting that additional information required in the present proposal for financial stability purposes shall be reported by large insurance groups and large solo undertakings not being a member of a group. It is proposed that the scope of the financial stability add-on is derived from a size criterion already known from the Financial Conglomerate Directive. Introducing a limited scope is also seen in line with general proportionality provisions. However, EIOPA intends to review the scope following the results of the public consultation. Responses are required by 20 February 2011. (22/12/11) https://eiopa.europa.eu/consultations/consultation-papers/index.html?no_cache=1&cid=4737&did=19487&sechash=82bc6a1f

Lloyd's: Market bulletin

The purpose of this market bulletin is to provide an update to all managing agents for the 2012 RDS and RDL returns to be submitted to the Exposure Management team and to announce a strategic review of the Lloyd's Exposure Management framework and methodology in 2012. (22/12/11) <http://www.lloyds.com/~media/Files/The%20Market/Communications/Market%20Bulletins/2011/12/Y4548.pdf>

FSA: Customer PPI redress tops £1 billion in 2011

FSA notes that that redress paid to customers complaining about the sale of PPI has hit £1 billion in 2011, following the release of the latest month figures (October). Data shows that October was the highest month yet for redress with firms paying out £268m to consumers. (21/12/11) http://www.fsa.gov.uk/pages/consumerinformation/product_news/insurance/payment_protection_insurance_/ppi_1billion/index.shtml

EIOPA: Financial Stability Report 2011 - second half year report

EIOPA has published its biannual report on the financial stability of the insurance and occupational pension fund sectors in the EEA, noting that the risks in insurance and occupational pensions sectors are at high levels, and are more pronounced than the first half of 2011. The risks stemming from exposures to sovereign and banking debt as well as the macroeconomic outlook are the main factors, which may jeopardise the financial stability of the European insurance and occupational pension sectors going into 2012. The paper also summarises the results of EIOPA low yield stress test for 2011. (21/12/11) https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/reports/FSC-Report-Autumn-2011/fileadmin/tx_dam/files/publications/reports/FSC-Report-Autumn-2011/EIOPA_Financial_Stability_Report_2011.pdf (NB: over 60 pages long)

ABI: Consumers in the retirement income market

ABI has published this consultation with regard to its proposed compulsory code of conduct by which ABI members will remove the annuity application form from the communications they send to their customers. The draft code now published goes beyond ABI's September announcement in three respects. All communications by providers, whether written, on-line or over the telephone, must take consumers through a clear customer journey covering the three key steps of understanding retirement, understanding the different ways of taking retirement income, and understanding how to buy. Written communications must also include a standardised heading on the first page about the benefits of shopping around. Illustrations provided by the provider which have not been requested by the customer must follow rigorous rules to ensure the options are comparable, and include a clear statement about the higher income available from enhanced annuities based on lifestyle or medical conditions, where providers do not offer or illustrate them. Providers sales processes must take customers through the key questions they should consider in order to buy the appropriate product, and alert them where they are not offering an enhanced annuity. Responses are required by 3 February 2012. (20/12/11)
<http://www.abi.org.uk/content/contentfilemanager.aspx?contentid=60176>

ABI: Consumer guides to extended and motor insurance warranties

ABI has published the above, in Q&A format, which set out what policies typically cover; typical exclusions; points to consider when deciding whether or not to buy an extended warranty and how to make a complaint. (20/12/11)
<http://www.abi.org.uk/Publications/60158.pdf> <http://www.abi.org.uk/Publications/60168.pdf>

Consumer Insurance (Disclosure and Representations) Bill [HL]

This has been amended by the Special Public Bill Committee. (19/12/11)
<http://www.publications.parliament.uk/pa/bills/lbill/2010-2012/0110/2012110.pdf>

DWP: Meeting future workplace pension challenges - improving transfers and dealing with small pension pots

This consultation presents three broad approaches to initiate debate about how best to address the problem of small pension pots: relatively minor changes to the current voluntary transfer system; automatic consolidation of small pensions in an aggregator scheme; and pensions automatically moving with people from job to job. The paper also announces the abolition of short service refunds for DC occupational schemes. The Government aims to abolish these rules at the earliest legislative opportunity and expects the rule change to happen as soon as 2014, provided it is able to implement an accompanying solution for small pot transfers at the same time. Responses are required by 23 March 2012. (16/12/11)
<http://www.dwp.gov.uk/docs/small-pension-pots-consultation.pdf> (NB: over 60 pages long)

FSA: Undertaking in relation to certain terms and conditions in consumer contracts of Legal & General Insurance Limited

FSA's review of terms and conditions used in consumer contracts issued by Legal & General Insurance Limited in relation to its Home Insurance Essentials policy terms and conditions and other policies with the same or similar terms has resulted in the firm replacing clauses and definitions for "subsidence", "heave", "landslip", and "settlement". It notes that the firm no longer has wide scope to decide what constitutes "damage caused by settlement, shrinkage or expansion". The firm told FSA that the intention was to exclude from cover only settlement occurring in the first ten years of a building being built and the original term was intended to exclude only normal shrinkage or expansion of building materials that is unconnected to any subsidence, heave of site or landslip. New customers will receive a policy with the new wording from 1 January 2012 and existing customers will be notified of the changes at their annual renewal falling due after 1 January 2012. (15/12/11)
<http://www.fsa.gov.uk/pubs/other/lq-insurance-undertaking.pdf>

OFT: Market study into private motor insurance

OFT has launched a market study into private motor insurance in the UK which will focus on the provision of third party vehicle repairs and credit hire replacement vehicles to claimants. This was prompted by the responses to OFT's recent call for evidence. The evidence OFT has gathered suggests that private motor insurance premiums paid in the UK rose by around 12% between 2009 and 2010, and by a further 9% in the first three quarters of 2011 (see second link below for the full responses document). OFT has concerns about the provision of motor legal protection cover to car owners and has today called FSA to work with private motor insurers, as soon as possible, to ensure car owners have access to appropriate information when purchasing this cover. OFT is concerned about the complexity of the product offering, and that the way it is being sold may make it difficult for car owners to assess the product's value for money. OFT also raised concerns on the

prices of motor insurance premiums in Northern Ireland, which it found are around 11% higher than in the rest of the UK. It expects to complete its market study by spring 2012. (14/12/11) [OFT launches market study into private motor insurance - The Office of Fair Trading](http://www.offt.gov.uk/shared_offt/markets-work/private-motor-insurance/Motor_Insurance.pdf) http://www.offt.gov.uk/shared_offt/markets-work/private-motor-insurance/Motor_Insurance.pdf (NB: over 70 pages long)

EIOPA: Calibration of the premium and reserve risk factors in the standard formula of Solvency II

This report summarises the findings and recommendations of its Joint Working Group (which also included representatives from other organisations) on the settings of the premium and reserve risk factors in the non-life and health non-SLT underwriting risk module of the SCR standard formula. (12/12/11) https://eiopa.europa.eu/fileadmin/tx_dam/files/Press-Room/releases/fileadmin/tx_dam/files/Press-Room/releases/EIOPA-11-163-A-Report_JWG_on_NL_and_Health_non-SLT_Calibration.pdf (NB: over 70 pages long) https://eiopa.europa.eu/fileadmin/tx_dam/files/Press-Room/releases/EIOPA-11-163-B-Annex_6_1_Report_JWG_on_NL_and_Health_non-SLT_Calibration.pdf https://eiopa.europa.eu/fileadmin/tx_dam/files/Press-Room/releases/EIOPA-11-163-C-Annex_6_2_Report_JWG_on_NL_and_Health_non-SLT_Calibration.pdf (Appendices)

FSA: Speech by Julian Adams: Solvency II: what to expect over the coming months (8 December 2011)

Text of the above, given at ABI, follows. He discusses FSA's approach to firms that wish to use their Solvency II work to meet the current ICAS requirements to remove the need for parallel running of two different models' clarifies the basis on which applications for internal models should be submitted and considers group supervision, particularly in relation to colleges of supervisors. (9/12/11) [Solvency II: what to expect over the coming months](#)

HMT: UK response to the 1 March European Court of Justice ruling that insurance benefits and premiums after 21 December 2012 should be gender-neutral

HMT has published this consultation paper in respect of the Test Achats case. It reiterates the Government's legal interpretation that the judgment applies only to new contracts entered into after 21 December 2012, so existing contracts are not affected and seeks views on this legal interpretation and the accompanying draft regulations; seeks comments on the Government's impact assessment and requests additional data that would help it better understand the impact on consumers and insurers and asks for views on some of the key issues arising from the judgment, such as the scope of indirect discrimination. It is noted that, although the Government continues to believe this judgment is detrimental for consumers, there is an obligation to implement it into law. Responses are required by 29 February 2012. (8/12/11) http://www.hm-treasury.gov.uk/d/condoc_insurance_benefits_and_premiums.pdf (NB: over 30 pages long)

OFT: Private healthcare market study - report on the market study and proposed decision to make a market investigation reference

OFT is proposing to refer the market for privately funded healthcare services in the UK to CC for a market investigation. This report sets out OFT's reasons for proposing to refer the market and gives interested parties the opportunity to make representations. It notes that, following concerns expressed by consumers as to the level of extra payments sought from some consultants that are not covered under their private medical insurance policies, OFT has "engaged" with FSA. FSA is reported to be in contact with ABI and providers to ensure the latter make clear the possibility of a shortfall payment as a result of the limits which apply to the amount payable under their policies. The aim will be to ensure that PMI providers make the risk of shortfall payments clear to their customers both at the point of sale and at the time a patient makes a claim under a PMI policy. (8/12/11) http://www.offt.gov.uk/shared_offt/market-studies/OFT1396_Private_healthcare.pdf (NB: over 140 pages long)

GDV: The impact of a ban on the use of gender insurance

GDV, the German insurance association, commissioned this Oxera report, to conduct a survey into the impact of a potential ban on the use of gender based insurance pricing. It suggests that such a ban could result in unintended consequences, such as price rises for motor insurance premiums and discouraging consumers from saving for their old age. <http://www.cea.eu/uploads/Modules/Publications/oxera-study-on-gender-use-in-insurance.pdf> (NB: over 40 pages long)

ABI: Industry good practice for catastrophe modelling

This document, produced following a meeting FSA convened with insurers in July 2011, is a guide to managing catastrophe models as part of an internal model under Solvency II. The group members agreed to collaborate on drafting the technical content under the auspices and editorship of ABI and it is noted that FSA was kept informed throughout the composition stage, but was not responsible for defining or drafting the document. Accordingly, this document does not amount to FSA guidance and does not necessarily represent FSA's views on this topic. (7/12/11)
<http://www.abi.org.uk/Publications/59999.pdf> (NB: over 60 pages long)

Pensions Regulator: Six principles for good workplace DC

The press release notes six principles span the lifecycle of a DC scheme from the design and set-up phases through to the ongoing management - including monitoring of scheme governance, accountability, scheme administration, and communications with members and is inviting the pensions sector to take part in a dialogue on six principles for good design and governance of workplace DC pension provision, which will form the basis of its regulatory approach going forward.. (7/11/11) <http://www.thepensionsregulator.gov.uk/press/pn11-29.aspx>

EIOPA: Report on pre-enrolment information to pension plan members

This report, dated July 2011, but only now published, is part of the PRIPs-related work being developed and also serves as preparatory work for the response to call for advice from the EC to EIOPA for the review of the IORP Directive, as regards the information to members and beneficiaries. The scope of the report covers all kinds of supplementary pensions. It looks at the diffusion of pension plans/products subject to different EU or national regulations; countries' approaches to pre-enrolment information requirements; the general structure of countries' pre-enrolment information requirements; investment policy; past performance; pension projections and charges. (7/12/11)
https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/reports/20111117_EIOPA-BoS-11-039_Report_on_pre-enrolment_info_to_pension_plan_members_final.pdf (NB: over 80 pages long)

HMRC: Draft Finance Bill 2012 clauses and other tax updates

HMRC has published a comprehensive list of these with accompanying documentation, including draft regulation and technical notes which can be downloaded via the link below. Among the highlights:

- Employer asset-backed pension contributions: Following the announcement at Budget 2011 and consultation over the summer, legislation was published at the Autumn Statement on 29 November 2011 to make changes to the tax rules with immediate effect to ensure no excessive relief can arise for new asset-backed pension contribution arrangements
 - Commutation of small personal pension funds: regulations will be introduced to enable individuals to access those savings held in small personal pension schemes i.e. £2,000 or less, by way of lump sum payment. (6/12/11)
- <http://www.hmrc.gov.uk/budget-updates/march2011/draft-tax-finance-bill-2012.htm>

EC: Letter from Jonathan Faull to Gabriel Bernadino (EIOPA) re Solvency II

The EC has published the above which sets out steps which have been taken by EIOPA and forthcoming work re third country equivalence, noting that "it is likely that the Omnibus II Directive will introduce a transitional regime for Solvency II equivalence". (6/12/11) http://ec.europa.eu/internal_market/insurance/docs/solvency/faull_november_2011_en.pdf

EIOPA: Consumer protection

At its first "Consumer Strategy Day", held in Frankfurt today, EIOPA's chairman said that "we need to question the strategy and policy tools that we traditionally use to address information asymmetries, conflict of interest and market inefficiencies to protect the rights of policyholders, pension scheme members and beneficiaries", but noted that clients also had responsibility to provide relevant, comprehensive and accurate details to providers in order to obtain the product or service best tailored to their needs. EIOPA also presented an update of its activities relating to consumer protection and financial innovation and noted that it is currently in the process of finalising a report on insurance-specific consumer trends in the EU. In 2012, EIOPA plans to contribute to the work on the legislative proposals on the revision of IMD and PRIPs. (6/12/11)
https://eiopa.europa.eu/fileadmin/tx_dam/files/pressreleases/Consumer-Strategy-Day.pdf

FSA: Pillar 3 - Supervisory reporting and public disclosure

This webpage includes information on EIOPA's recent consultations and documentation arising from FSA's recent Reporting Experts Group meeting, including an FSA slide presentation and questions arising from the meeting. (2/12/11)

<http://www.fsa.gov.uk/Pages/About/What/International/solvency/reporting/index.shtml>
<http://www.fsa.gov.uk/pages/About/What/International/pdf/reportingEGslides-Nov11.pdf>

HoL Special Public Bill Committee: Consumer Insurance (Disclosure and Representations) Bill (HL)

The Bill gives effect, with minor modifications, to the recommendations set out in the Law Commission and the Scottish Law Commission's 2009 joint report "Consumer Insurance Law: Pre-Contract Disclosure and Misrepresentation" (Law Com No. 319; Scot Law Com No. 219). The report comprises oral and written evidence from, amongst others, FSA and FOS, and a report on proceedings on the Bill which took place on 10 November 2011. (2/12/11)

<http://www.publications.parliament.uk/pa/ld201012/ldselect/ldspbc/219/219.pdf>

OFT: Investigation into the private motor insurance sector

Following an OFT investigation which identified an increased risk of price coordination among motor insurers using a specialist market analysis tool provided by Experian, OFT has accepted formal commitments from Ageas Insurance Ltd (formally Fortis Insurance Ltd), Aviva Insurance UK Ltd, AXA Insurance UK plc, Liverpool Victoria Insurance Company Ltd, RBS Insurance Group Ltd, and Zurich Insurance plc - UK Branch; and IT software and service providers Experian Ltd and SSP Ltd. The Experian tool allowed insurers to access not only the pricing information they themselves provided to brokers, but also pricing information supplied by other competing insurers. The OFT warned the firms that, because insurers were able to access information about their competitors' future pricing intentions, the information exchanged through WhatIf? Private Motor raised competition law concerns, in particular that it could potentially be used to coordinate on price. The formal commitments address these concerns by ensuring that the companies will exchange pricing information through the analysis tool only if that information meets certain principles agreed with the OFT. These principles require the information, if less than six months old, to be anonymised, aggregated across at least five insurers and already 'live' in broker-sold policies. Having accepted the commitments, OFT has ended its investigation and will not be proceeding to a decision on whether or not the Competition Act has been infringed. (2/12/11) [OFT accepts formal commitments after motor insurers agree to limit data exchange - The Office of Fair Trading](http://www.of.gov.uk/OFTwork/competition-act-and-cartels/ca98-current/motor-insurance/motor-insurance-qanda/) <http://www.of.gov.uk/OFTwork/competition-act-and-cartels/ca98-current/motor-insurance/motor-insurance-qanda/> (Q&A) http://www.of.gov.uk/shared_of/ca-and-cartels/OFT1395.pdf (Decision – NB: over 70 pages long)

IMA/ABI: Harmonising the IMA Managed sectors and the ABI Mixed Investment sectors

A group of IMA and ABI representatives have agreed a set of harmonised sector names and definitions. Both sets of sectors will now be called: Mixed Investment 0-35% Shares; Mixed Investment 20-60% Shares (formerly IMA Cautious Managed) Mixed Investment 40-85% Shares (formerly IMA Balanced Managed); Flexible Investment (formerly IMA Active Managed and ABI Mixed Investment 60-100% Shares). Changes to the names and definitions of the IMA and ABI sectors will apply from 1 January 2012 and firms will have until the end of April 2012 to make the necessary changes to their funds. IMA and ABI will review the Mixed Investment sectors on an annual basis. However, they have agreed not to make changes to the sector definitions for a minimum of two years, unless circumstances arise which would make this necessary. (1/12/11) <http://www.abi.org.uk/Publications/59887.pdf>

FRC: Targeted questions for users of actuarial information

FRC has published a series of questions which users of actuarial information may wish to ask themselves and their actuaries. The sets of questions are targeted at particular user groups (pension scheme trustees; non-exec directors of life and GI insurers responsible for determining technical provisions and capital requirements) and cover specific areas of work: (30/11/11) http://www.frc.org.uk/documents/pagemanager/frc/Update_for_Users/Update%20for%20users%20-%20Pensions%20Final.pdf
http://www.frc.org.uk/documents/pagemanager/frc/Update_for_Users/Update%20for%20users%20-%20Life%20Final.pdf
http://www.frc.org.uk/documents/pagemanager/frc/Update_for_Users/GI%20UfU.pdf

Lloyd's: Master policies and group schemes

Lloyd's has published a market bulletin intended to provide updated guidance on worldwide master policies and group schemes written at Lloyd's and to notify the market of changes to the review process for the US. (30/11/11) <http://www.lloyds.com/~media/Files/The%20Market/Communications/Market%20Bulletins/2011/11/Y4535.pdf>

FSA: Court of Appeal upholds High Court decision to wind up firms offering satellite warranties

FSA reports that CoA has dismissed appeals by Digital Satellite Warranty Cover Limited (DSWC), and Bernard Freeman and Michael Sullivan, t/a Satellite Services (Satellite). FSA had previously secured winding up orders from the High Court against the firms in January 2011, which both firms appealed. The appeal was heard in July 2011; CoA's decision was unanimous. The firms had provided cover for Sky satellite TV equipment in return for an insurance premium. The cover offered by the firms was described as an 'extended warranty'; however, the High Court ruled on 31 January 2011 that the cover amounted to a contract of insurance. Arranging or providing insurance is a regulated activity, so both firms needed to be FSA-authorized. FSA had asked the High Court to wind up both firms – to which it agreed. A third unauthorised firm, Nationwide Digital Satellite Warranty Services Limited was also wound up in January 2011 but did not appeal the High Court's decision. The appellants now have 28 days to seek permission from the Supreme Court to appeal the decision. (29/11/11) <http://www.fsa.gov.uk/pages/Library/Communication/PR/2011/103.shtml>

HMT: Autumn Statement

Items affecting insurance mentioned in the Chancellor's statement:

- *Employer asset backed pension contributions*: legislation has been introduced under Finance Bill 2012 to ensure that the amount of tax relief given to employers using ABC arrangements reflects accurately the total amount of payments the employer makes to the pension scheme directly or through a special purpose vehicle (<http://www.hmrc.gov.uk/budget-updates/budget-updates/march2011/autumn-statement-nov2011.htm>)
- *Infrastructure projects and pension funds*: the Government has signed a MoU with two groups of UK pension funds (including NAPF, PPF and a separate group representing pension plans and infrastructure fund managers) to support additional investment in UK infrastructure. The Government is also working with ABI to set up an Insurers' Infrastructure Investment Forum (http://cdn.hm-treasury.gov.uk/national_infrastructure_plan291111.pdf - NB: over 170 pages long) (29/11/11) http://cdn.hm-treasury.gov.uk/autumn_statement.pdf (NB: over 90 pages long)

DWP: Auto-enrolment

The Government has announced that automatic enrolment will begin on time in autumn 2012 and all employers will remain in scope. Small businesses will be given additional time to prepare for the implementation of automatic enrolment. The timetable will be adjusted so that no small employers are affected by the reforms before the end of this Parliament. The rate of pensions contributions will remain unchanged until all businesses have started automatic enrolment. Under the revised timeline, small business would begin automatically enrolling their staff in May 2015, instead of the current timing of April 2014. (29/11/11) <http://www.dwp.gov.uk/newsroom/press-releases/2011/nov-2011/dwp135-11.shtml>

FSA: Traded life policy investments

FSA has published a guidance consultation, together with an accompanying press release, in respect of the above. FSA strongly recommends that TLPs should not reach retail investors in the UK and advises that in 2012, as part of a review of the rules relating to unregulated CIS, it intends to consult on a ban of all marketing – including marketing delivered in the context of financial advice – of TLPs to mass market retail investors. The guidance sets out its expectations of firms in this area; details key risks and gives examples of poor practices. Responses are required by 23 January 2012. (28/11/11) [FSA warns against 'toxic' traded life policy investments](http://www.fsa.gov.uk/pages/Library/Policy/guidance_consultations/2011/11_28.shtml)
http://www.fsa.gov.uk/pages/Library/Policy/guidance_consultations/2011/11_28.shtml
http://www.fsa.gov.uk/pubs/guidance/gc11_28.pdf

FSA Notice of Undertaking: Direct Line Insurance Company Limited/Churchill Insurance Limited/UK Insurance Limited

FSA has published a document with regard to the Unfair Terms in Consumer Contracts Regulations 1999 which has led to Direct Line Insurance Company Limited, Churchill Insurance Limited and UK Insurance Limited undertaking for all the pet insurance policies they underwrite to not use the terms identified in the pet insurance policy of Direct Line, which FSA considers may be unfair. The original terms will be deleted from all the firms' underwritten pet insurance policies and replaced with new terms. The insurer no longer has the discretion to decide what costs or how much to pay and the consumer has clear information as to what is/is not covered by the policy and the maximum limits of cover for each type of treatment from the outset of the contractual arrangement. The undertaking also applies to Lloyds TSB Pet Insurance, NatWest Pet insurance, Royal Bank Pet Insurance and Virgin Money Pet Insurance, which have partnership relationships with UK Insurance Limited. (28/11/11) http://www.fsa.gov.uk/pubs/other/rbs_insurance_undertaking.pdf

EC: Study on the impact of the revision of the Insurance Mediation Directive

PwC Luxembourg has prepared this report for the EC intended to combine a quantitative and qualitative overview of the entire EU insurance market; analysis and qualitative assessment for each of the 27 EU states and interviews with key stakeholders across the following EU insurance markets (Belgium, Finland, France, Germany, UK). (25/11/11) http://ec.europa.eu/internal_market/insurance/docs/mediation/imd_final_en.pdf (NB: over 200 pages long)

HMT: Consultation on Solvency II

The consultation seeks responses from interested parties, particularly UK insurance and reinsurance firms that fall within scope of the Solvency II Directive on the way in which the Government intends to legislate for Solvency II rules through amendments to the forthcoming Financial Services Act or through the addition of freestanding provisions which sit alongside this (draft regulations are published in an appendix in this document). Responses are required by 15 February 2012. (24/11/11) http://www.hm-treasury.gov.uk/d/condoc_consultation_solvencyII.pdf (NB: over 100 pages long)

Lloyd's: Performance management – supplemental requirements and guidance

This document consolidates and replaces the requirements and guidance previously issued to which deal with underwriting performance management issues. It is intended to assist the market by providing managing agents with a single point of reference for Lloyd's supplemental performance management requirements. The document will be available on Lloyd's website and will be updated on a regular basis to ensure that the requirements and guidance remain current and relevant. It is noted that Lloyd's will continue to use Market Bulletins and emails to communicate with the market but, where appropriate, any supplemental requirements or guidance which relate to performance management will be consolidated into an updated version of this document. (24/11/11) <http://www.lloyds.com/~media/Files/The%20Market/Communications/Market%20Bulletins/2011/11/Y4534.pdf> (NB: over 40 pages long)

EIOPA: Consultation on the Solvency II XBRL Taxonomy

EIOPA has published the responses to the above, available to download individually via the following link. (22/11/11) [EIOPA: Consultation on the Solvency II XBRL Taxonomy](http://www.eiopa.europa.eu/~/media/Files/Consultation/SolvencyII/XBRLTaxonomy/ConsultationResponses/SolvencyII_XBRL_Taxonomy_Responses.pdf)

Consumer Insurance (Disclosure and Representations) Bill [HL] [As Amended in the Special Public Committee]

A Bill to make provision about disclosure and representations in connection with consumer insurance contracts. (17/11/11) <http://www.publications.parliament.uk/pa/bills/lbill/2010-2012/0110/2012110.pdf>

FSA: Solvency II Q&A

FSA has published this Q&A, covering specific topics: European policy; pre-application and application and transitional issues. (16/11/11) <http://www.fsa.gov.uk/pubs/international/Q&As-pre-application.pdf>

EIOPA: Annual conference

This short item reports on EIOPA's first conference in Frankfurt, which notes that EIOPA plans to launch a public consultation on draft standards and guidelines for Solvency II. The consultation is scheduled to start in May 2012. After the consultation EIOPA aims to finalise its proposals in September 2012. It is noted that the timing of these activities is based on some assumptions on the development of the political process: first of all, the approval of the Omnibus II Directive by the European Parliament and the Council of the EU and the publication of the proposal for a Delegated Act by the Commission in the first half of 2012; secondly, a phasing-in period of the new regime during 2013; finally, the application of Solvency II as of 1 January 2014. (16/11/11) https://eiopa.europa.eu/fileadmin/tx_dam/files/Press-Room/AnnualConference-SoII-Update.pdf

IAIS: Insurance and financial stability

The report presents a supervisory perspective on the (re)insurance sector and on financial stability issues. It analyses the sector's role in the financial markets, including its interaction with other financial institutions, and its impact on the real economy. IAIS also endeavours to clarify the rationale of its proposed methodology to identify any institutions "whose disorderly failure, because of their size, complexity and systemic interconnectedness, would cause significant disruptions to the wider financial system and economic activity." In a short introduction to the paper, Peter Braumiller comments: "the main message of our paper is that the traditional insurance business is of very little or no systemic concern The recent financial crisis underscored that even financially strong insurance groups and conglomerates may suffer significant distress and become globally systemically important when they expand significantly into non-insurance activities. Examples of such non-insurance activities include credit default swaps for purposes other than hedging. The financial crisis also showed that certain non-traditional activities could lead to distress, for example the large-scale leveraging of assets – or so-called securities lending – to enhance expected investment returns. You can see examples of both in the case studies included in the appendix". IAIS is working on the development of an assessment methodology for identifying globally systemically important insurers. The G20 expect IAIS to complete this work in time for G20 summit in June 2012.. (15/11/11) http://www.iaisweb.org/temp/15_November_2011_Insurance_and_Financial_Stability_press_conference_opening_remarks.pdf http://www.iaisweb.org/temp/Insurance_and_financial_stability.pdf (NB: over 40 pages long)

Motor Insurance Regulation Bill

A bill to reform the regulation and operation of the market in motor insurance; including the setting of requirements in respect of risk pricing for personal injury claims. (11/11/11) <http://www.publications.parliament.uk/pa/bills/cbill/2010-2012/0229/12229.pdf>

ABI/NAPF: Bulk-insured pensions guidelines – a good practice guide 2011

ABI and NAPF have published this guide in order to help trustees organise, examine and implement buy-out/buy-in options and highlights key legal and regulatory issues that they will need to consider. It includes: preparation objectives of a buy-in or buy out, to facilitate a smooth, speedy and focused process; legal requirements in key areas such as discretionary benefits; partial buy-ins and the role of the PPF and a glossary of terms to translate language used in buy-in/buy-out transactions. (10/11/11) <http://www.abi.org.uk/Publications/58274.pdf> (NB: over 70 pages long)

EIOPA: Complaints handling by insurance undertaking/best practices by insurance undertakings in handling complaints

These papers comprise a consultation on guidelines on complaints handling by insurance undertakings and a draft report on best practices. The former is being published in order to clarify the expectations relating to an insurance undertaking's internal control system as regards complaints-handling and possible follow-up and render it more effective;) give guidance on the provision of information to consumers; and) give guidance on procedures for responding to complaints, thereby ensuring the adequate protection of policyholders and beneficiaries. Responses are required by 31 January 2012. The very short second paper contains a list of best practices for handling complaints by insurance undertakings.. (10/11/11) https://eiopa.europa.eu/consultations/consultation-papers/index.html?no_cache=1&cid=4641&did=18385&sechash=b39fa4ed
https://eiopa.europa.eu/consultations/consultation-papers/index.html?no_cache=1&cid=4641&did=18384&sechash=5479167d

CP11/22***: Transposition of Solvency II - Part 1/

CP11/23***: Solvency II and linked long-term insurance business

FSA has proposed rules to maintain protection of policyholders with unit linked and index-linked life insurance products while taking account of new European requirements for insurers. New EU solvency requirements for insurers in the Solvency II directive will come into effect in 2013/14. Among its requirements are new high-level principles around how insurers' assets, including unit-linked and index-linked funds, must be managed. This replaces the current FSA approach which lists the particular assets insurers can use. However, where individuals bear the direct risk of investing in unit-linked and index-linked policies, Solvency II allows the FSA to continue to specify which assets can be used for such policies. The proposed new rules will largely continue the existing FSA requirements, but will expand them to permit investment in some indices-based investments and bonds. FSA will implement high-level requirements from Solvency II that strengthen the current rules saying insurers should only invest in assets that they can properly value and monitor. Comments on the CPs should be received by 15 February 2012. In addition, FSA has published a cost benefit analysis of introducing Solvency II to the UK insurance industry which was prepared by Ernst & Young (last link below). [FSA proposes rules to protect unit-linked policyholders](http://www.fsa.gov.uk/pubs/cp/cp11_22.pdf) http://www.fsa.gov.uk/pubs/cp/cp11_22.pdf (NB: over 200 pages long) http://www.fsa.gov.uk/pubs/cp/cp11_23.pdf (NB: over 30 pages long) <http://www.fsa.gov.uk/pubs/other/ey-solvencyii-cba.pdf> (NB: over 200 pages long)

EIOPA: Consultation paper on the proposal for guidelines on Own Risk and Solvency Assessment (ORSA)/FSA: ORSA

EIOPA's paper seeks to provide additional details on how the ORSA required by Solvency II is to be interpreted. The guidelines focus on what is to be achieved by the ORSA rather than on how it is to be performed. They apply to both solo undertakings and to group level undertakings. Responses to the consultation are required by 20 January 2012. FSA's short paper sets out the issues it has identified of specific interest to the UK industry. (9/11/11)
https://eiopa.europa.eu/fileadmin/tx_dam/files/consultations/consultationpapers/CP08-11/CP8_SII_Guidelines_ORSA.pdf
(NB: over 40 pages long) <http://www.fsa.gov.uk/pubs/international/ORSA-EIOPA-consultation.pdf>

EIOPA: Consultation paper on the proposal on Quantitative Reporting Templates/Consultation paper on the draft proposal for guidelines on narrative public disclosure & supervisory reporting, predefined events and processes for reporting & disclosure/FSA: Reporting in Solvency II – Pillar 3

EIOPA has published two consultations on the above re Solvency II and notes that it is currently working on additional data to be collected for financial stability purposes (that are not currently covered by this set of templates). EIOPA has scheduled to publicly consult on those additional reporting requirements from December 2011 to provide stakeholders with the complete set which will be as close as possible to the overall reporting needs under Solvency II. Responses are required by 20 January 2012. FSA has published a short summary of the reporting consultation. (9/11/11)
https://eiopa.europa.eu/consultations/consultation-papers/index.html?no_cache=1&cid=4638&did=18331&sechash=6ca2ee2b
https://eiopa.europa.eu/consultations/consultation-papers/index.html?no_cache=1&cid=4638&did=18336&sechash=48219526 (NB: over 50 pages long)
https://eiopa.europa.eu/consultations/consultation-papers/index.html?no_cache=1&cid=4638&did=18332&sechash=61454f47
<http://www.fsa.gov.uk/pubs/international/Reporting-in-solvency-II.pdf>

PS11/14: Product disclosure: Retail investments - changes to reflect RDR adviser charging - feedback to CP11/3 and final rules

CP11/14 proposed changes to the KFI that firms must give clients arising from the RDR rules on adviser and consultancy charging; disclosures relating to SIPPs and the potential replacement of monetary projections by inflation-adjusted projections for personal and stakeholder pensions (both individual and group). FSA has made some changes to the rules consulted on with regard to the first issue and, with regard to the second issue and in the light of responses, has decided to re-consult on revised disclosure requirements. Therefore, disclosure rules for SIPPs will not alter with effect from April 2012 as originally proposed, but they are likely to be amended later. The new rules come into force on 31 December 2012, at the same time as the RDR rules. A transitional rule allows firms to take advantage, from 1 October 2012, of a rule for generic key features illustrations for groups or sub-groups of employees in a group personal pension scheme. (8/11/11)
http://www.fsa.gov.uk/pubs/policy/ps11_14.pdf (NB: over 40 pages long)

FSA: Solvency II briefing (3 November 2011)

FSA has published materials from the above. Julian Adams' speech looks at FSA's recent announcements on Solvency II implementation and details expectations the regulator has for firms in the run-up to implementation. The slide presentation given by Paolo Cadoni of EIOPA looks at the European perspective and the speech by Otto Thoresen (ABI) looks at Solvency II from an industry perspective. (7/11/11) [What the FSA's timetable for implementing Solvency II means for internal model firms](http://www.fsa.gov.uk/pubs/international/European_Perspective.pdf) http://www.fsa.gov.uk/pubs/international/European_Perspective.pdf
http://www.abi.org.uk/Media/Articles_and_Speeches/59345.pdf

EIOPA: Response to Call for Advice on the review of Directive 2003/41/EC: second consultation

This consultation is on EIOPA's draft advice to the EC on the review of Directive 2003/41/EC (the IORP Directive). Advice is sought on the scope of the IORP Directive, on certain cross-border aspects and on three other areas, including what information should be provided in respect of IORPs to members and beneficiaries, and to supervisory authorities and the extent to which the legislative framework for IORPs should be similar to that for other financial institutions and products, in particular Solvency II and UCITS IV KIFD. The deadline for responses is 2 January 2012. (7/11/11)
https://eiopa.europa.eu/consultations/consultation-papers/index.html?no_cache=1&cid=4603&did=18083&sechash=103da826 (NB; over 500 pages long)

Pensions Act 2011

An Act to make provision relating to pensions; and for connected purposes. [3rd November 2011] (4/11/11)
<http://www.legislation.gov.uk/ukpga/2011/19/enacted/data.pdf> (NB: 50 pages long)

FSA: Solvency II

FSA has revised its Solvency II page with new Q&As. (2/11/11)
<http://www.fsa.gov.uk/pages/About/What/International/solvency/implementation/index.shtml>

ABI: Solvency II Bulletin

Topics include: update on Omnibus II; catastrophe risk modelling and Solvency II; FSA's Solvency II implementation assumptions; reporting; ORSA and third country equivalence. (2/11/11) <http://www.abi.org.uk/Publications/59116.pdf>

FSA/OFT: Payment protection products

FSA/OFT are jointly consulting on proposed guidance to firms in relation to PPI. It is the result of joint working by both organisations in the light of recent developments on PPI and emerging concerns about new products and practices. Responses are required by 13 January 2012. (1/11/11) [FSA and OFT publish draft guidance on payment protection products](http://www.fsa.gov.uk/pubs/guidance/gc11_26.pdf) [Payment protection products](http://www.fsa.gov.uk/pubs/guidance/gc11_26.pdf) http://www.fsa.gov.uk/pubs/guidance/gc11_26.pdf (NB: over 30 pages long)

FSA: Disclosure to commercial general insurance customers

This consumer research document outlines the findings of research conducted to measure the penetration of desired FSA outcomes amongst medium-sized commercial insurance customers (with an annual turnover of £500,000 to £100 million), in terms of improving the transparency of broker/intermediary remuneration. (28/10/11)
<http://www.fsa.gov.uk/pubs/consumer-research/crpr86.pdf> (NB: over 40 pages long)

FSA: Smaller Wholesale Insurance Intermediaries Issue 7

Topics include: recent ARROW observations; fiduciary balances, client money and bad debt. (28/10/11)
http://www.fsa.gov.uk/pubs/newsletters/wholesale_newsletter_7.pdf

CP11/20**: Packaged bank accounts: new ICOBS rules for the sale of non-investment insurance contracts

FSA proposes that a firm selling insurance policies as part of a packaged bank account must: take reasonable steps to establish whether a customer is eligible to claim the benefits under each policy and tell the customer if they would be ineligible to claim and keep a record of the eligibility assessment for each sale for at least three years; provide customers, throughout the life of the policy, with an annual eligibility statement, which sets out any qualifying requirements to claim the benefits under the policy and recommend that the customer reviews their circumstances and whether they meet the eligibility requirements. The proposed rule will set out the steps FSA expects a firm to take when selling on an advised basis. In addition, FSA wishes to consider price transparency for packaged bank accounts and invites suggestions on how to achieve this in a way that helps consumers to compare and shop around. Responses are required by 27 January 2012. (27/10/11) http://www.fsa.gov.uk/pubs/cp/cp11_20.pdf (NB: over 30 pages long)

EIOPA: Solvency II equivalence assessments

EIOPA has published equivalence assessments in respect of Switzerland, Japan and Bermuda. (27/10/11)
https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/submissionstotheec/EIOPA-BoS-11-028-Swiss-Equivalence-advice.pdf https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/submissionstotheec/EIOPA-BoS-11-030-Japan-Equivalence-advice.pdf https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/submissionstotheec/EIOPA-BoS-11-029-Bermuda-Equivalence-advice.pdf (NB: all over 40 pages long)

Lloyd's Market Bulletin: Consolidated fining policy for Lloyd's returns

Lloyd's has decided to consolidate fining policies into a single consolidated policy that will apply to all late submission of the various Lloyd's Returns. It is noted that the existing fining regime has been extended to include three Lloyd's Returns which were not previously subject to the fining regime. An Appendix also includes three Lloyd's Returns relating to Solvency II which it is intended to implement in full in due course. These are the Lloyd's Capital Return, the Gross Quarterly Return and the Technical Provisions Data return. (26/10/11)

<http://www.lloyds.com/~media/Files/The%20Market/Communications/Market%20Bulletins/2011/10/Y4527.pdf>

FSA: Identifying unfair sales practices

On one of its webpages, FSA reports on a case where an intermediary insurance firm decided that the way it was selling tenants contents insurance included unfair sales practices and sets out how it took to correct it. (19/10/11)

http://www.fsa.gov.uk/smallfirms/your_firm_type/gi/good_practice/identifying_practices.shtml

The Pensions Regulator: The role of trustees in DC schemes

The statement (second link below) is targeted at trustees of DC schemes with more than 12 members, as well as qualifying schemes set up in anticipation of the new workplace pensions reform commencing from 2012 and is intended to clarify the key differences between DB and DC schemes and the behaviours that DC trustees should demonstrate. It emphasises that whilst governance functions may be similar, steps taken to manage these functions are not identical. The Pensions Regulator notes that, in the coming weeks, it will also be assisting trustees to manage the complexities and risks that can arise with hybrid schemes with DB and DC elements, as well as publishing a statement on its expectations of a good DC scheme. (13/10/11)

<http://www.thepensionsregulator.gov.uk/press/pn11-23.aspx>
<http://www.thepensionsregulator.gov.uk/docs/role-of-trustees-in-dc-schemes-statement-oct-2011.pdf>

FSA: Guidance on the: selling of general insurance policies through price comparison websites

FSA has published finalised guidance in reference to the above. It notes that it received 15 responses to the consultation and that it has amended the guidance in line with some comments received. Firms are now asked to consider our findings and guidance set out below, and ensure that they are complying with all relevant regulatory requirements. (12/10/11)

http://www.fsa.gov.uk/pubs/guidance/fg11_17.pdf

FSA: General Insurance Newsletter Issue 6

Topics include: Solvency II assumptions; the scope and rationale for FSA's current GI stress testing exercise; tracing employers' liability; IMD. (11/10/11)

http://www.fsa.gov.uk/pubs/newsletters/gi_oct11.pdf

FSA: Life Insurance Newsletter Issue 6

Topics include: Solvency II implementation and FSA's reverse stress testing exercise. (11/10/11)

http://www.fsa.gov.uk/pubs/newsletters/life_oct11.pdf

EIOPA: Report on the cross-border cooperation mechanisms between Insurance Guarantee Schemes in the EU

The purpose of the report is to summarise the findings of a mapping exercise of the existing mechanisms for cross-border cooperation between ISGs of Member States and/or between ISGs and national supervisory authorities, and to provide general recommendations to the EC in the area of cooperation between IGs as well as between supervisors and IGs. (5/10/11)

https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/reports/EIOPA%20Report%20on%20Cross%20Border%20Cooperation%20between%20IGS%20July%202011.pdf

FSA: Solvency II

FSA has announced that it has revised its implementation assumptions in light of the discussions in Europe about the splitting of the implementation dates for Solvency II and says it will only revisit these assumptions if there is a significant change in the dates to beyond 2014. The revised planning assumptions are that: 1 January 2013 remains the date at which the responsibilities of supervisors and EIOPA would be switched on (i.e. transposition of the Directive would have to be complete by 1 January 2013); and 1 January 2014 is when the Solvency II requirements would be switched on for firms. For internal model firms, FSA will be open to receive applications from 30 March 2012 from those firms that are currently in the pre-application phase of the internal model application process. It will no longer close the application window on 31 May 2012. Instead, FSA will allocate submission slots for firms to get their applications to it which will be between 30 March 2012 and mid-2013 and will depend on a number of factors, including an assessment of firm readiness, group issues and policy developments. The firm's submission will need to cover all associated applications that envisage our approval, e.g. its group calculation method. For standard formula firms, the working assumption is that FSA will be open to receive applications from 1 January 2013 for all approvals that firms will require from 1 January 2014. It is noted that FSA may exercise discretion to deal earlier with more complex issues. The position remains unchanged for non-Directive firms. (4/10/11) [European policy](#)

IAIS: Insurance Core Principles, Standards, Guidance and Assessment Methodology

IAIS has revised the above, which are now available to download. The first link gives an index to the material – the individual documents comprising the whole follow. (4/10/11) <http://www.iaisweb.org/ICP-material-adopted-in-2011-795>
http://www.iaisweb.org/temp/ICP_Part_1_Intro_Assessment_ICP_1-9.pdf (NB: over 90 pages long);
http://www.iaisweb.org/temp/ICP_Part_2_ICP_10-16.pdf (NB: 90 pages long);
http://www.iaisweb.org/temp/ICP_Part_3_ICP_17_and_18.pdf (NB: over 80 pages long);
http://www.iaisweb.org/temp/ICP_Part_4_ICP_19-23.pdf (NB: over 80 pages long);
http://www.iaisweb.org/temp/ICP_Part_5_ICP_24-26.pdf (NB: over 40 pages long)

OFT: Notice of intention to modify proposed binding commitments on a data exchange tool used

OFT has opened a consultation on an amendment to commitments offered by a number of motor insurance companies designed to address competition law concerns about the potential exchange of pricing data between competitors. An OFT investigation raised concerns that, by subscribing to an analysis tool, seven insurance companies were able to access not only the pricing information they themselves provided to brokers through the software, but also pricing information supplied by competing insurers. The analysis tool was provided to insurers by an IT company, using information supplied to it by a second IT company. Following its investigation, OFT announced in January 2011 that it was minded to accept commitments as a means of addressing its concerns, and opened a consultation on draft commitments. As a result of the consultation, the OFT is now minded to accept an amendment to the draft commitments which will reduce the age of the data that can be exchanged via the analysis tool from 36 months to six months. However, OFT remains of the view that all other requirements of the commitments offered by the insurer parties are necessary to remove the OFT's competition concerns, including the requirements that pricing information must (i) be anonymised and aggregated across at least five insurers; and (ii) not be supplied to insurers until prices are already 'live' in policies sold by brokers. OFT is now consulting on the proposed amendment to the commitments, formal acceptance of which would result in the OFT ending its investigation. The consultation on the amended commitments will close on 28 October 2011. (30/09/11) http://www.of.gov.uk/shared_of/consultations/of1377.pdf

Lloyd's: Solvency II guidance notes

Lloyds has published ORSA and final application pack guidelines. It is noted the final application pack sets out the requirements for ORSAs and the FAP which must be submitted to Lloyd's on 16 December 2011 by all agents, covering all active syndicates. (28/09/11) <http://www.lloyds.com/The-Market/Operating-at-Lloyds/~media/Files/The%20Market/Operating%20at%20Lloyds/Solvency%20II/2011%20Guidance/Final%20ORSA%20guidance%20Sep11.pdf> <http://www.lloyds.com/The-Market/Operating-at-Lloyds/Solvency-II/Information-for-managing-agents/Guidance-and-workshops/~media/Files/The%20Market/Operating%20at%20Lloyds/Solvency%20II/2011%20Guidance/Final%20FAP%20Guidance%20Aug11%20v2.pdf> (NB: over 30 pages long)

CEA: Anti-discrimination Directive

CEO has published the text of a letter it has sent to the Presidency of the European Council with comments on the proposed Directive and raising concerns about legal uncertainty arising from the Test Achats case. It argues that "this ruling challenges the fundamental principles of private insurance and the functioning of risk assessment, which relies on the use of relevant factors such as gender and is likely to have detrimental consequences for consumers it is of utmost importance to avoid any risk of a similar ECJ ruling resulting in a ban on the use of age or disability in insurance. Such a contamination

effect must be avoided as a ban would ultimately lead to the end of the insurance business model as it currently exists". (27/09/11) http://www.cea.eu/uploads/Modules/Publications/antidiscrimination_draft_directive-2.pdf

ABI: Compulsory code of practice for insurers

ABI has announced that it will introduce a compulsory code of practice for insurers. Under the new code, which will be developed in conjunction with its members, firms will remove the annuity application form in the communications they send to their customers. This code will be introduced in Q1 2012. (26/09/11) [Association of British Insurers - Insurance industry launches annuity initiative for customers](#)

EIOPA: Speech by Gabriel Bernardino: Risk Management – a supervisor's approach (22 September 2011)

In this speech, Gabriel Bernardino discusses: the relevance of risk management principles embedded in Solvency II, the new regulatory regime for the insurance and reinsurance industry in the EU, supervisors' expectations in various areas of the framework' insights into ORSA (own risk and solvency assessment) and the supervisory review process. (23/09/11) https://eiopa.europa.eu/fileadmin/tx_dam/files/Press-Room/speeches/Gabriel-Bernardino-SUERFHelsinki-22Sept2011.pdf

EC: European Justice Commissioner meeting with European insurance companies

This press release notes that Viviane Reding is today meeting with leaders of European insurance companies to discuss European contract law in the insurance sector, the follow-up to the Test Achats case, limitation periods for civil claims arising from road traffic accidents and insurance-related implications of collective redress proceedings. With regard to Test Achats, discussions will feed into guidelines that the EC aims to adopt by the end of 2011, one year ahead of the deadline to comply with the ruling. Viviane Reding notes that the ruling is "final and binding ... the Commission's role is now to ensure that the judgment is properly implemented while guaranteeing legal certainty". (21/09/11) <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/11/624&format=HTML&aged=0&language=EN&guiLanguage=en>

MoJ: Curbing compensation culture: Government to ban referral fees

This press release has announced the intention of the Government to prohibit the payment of referral fees in personal injury cases. The proposals before Parliament are contained in the Legal Aid, Sentencing and Punishment of Offenders Bill. (9/09/11) [Curbing compensation culture: Government to ban referral fees](#)

OFT: Private motor insurance

OFT has published a call for evidence to establish the background to recent reports of rising UK private motor insurance premiums, and consider whether further work may be necessary to improve the way the market works. It is asking insurers and others for their views on a number of aspects of the private motor insurance market that may raise competition or consumer issues, including: the role of price comparison sites; the provision of credit hire replacement vehicles to drivers who are involved in accidents that are not their fault; insurance companies' use of panels of approved repairers, and ancillary products that are sold by insurance companies in addition to standard motor insurance cover. In addition, OFT is interested in examining reports that car insurance premiums in Northern Ireland are significantly higher than they are in the rest of the UK, and understanding the reasons for any difference. It is noted that OFT is continuing to work with FSA, MoJ and other government departments with regard to this. Responses are required by 12 October 2011 and OFT intends to publish its findings in December 2011, when it will also decide whether further work is required. (8/09/11) [OFT issues call for evidence on motor insurance - The Office of Fair Trading](#) <http://www.offt.gov.uk/OFTwork/markets-work/othermarketswork/motor-insurance/>

NAPF: Accounting for pensions

This report, prepared for NAPF by Leeds University Business School, argues that current accounting standards are not only inappropriate for assessing the long-term liabilities of pension funds, but can also lead to unintended consequences. The report suggests that this has ultimately led companies to close viable pension schemes, and has encouraged schemes to adopt extremely cautious investment policies which has in turn led to an increase in the cost of pension provision and excessive investment in low return government bonds. It recommends that: pension liabilities should be valued as the discounted present value of future net asset/liability cash flows; pension disclosures should include the actual cash contributions that a corporate sponsor is committed to as a result of negotiation with scheme trustees and/or the Pensions

Regulator and that company accounts should disclose the market value of scheme assets relative to a discounted pension liability. (7/09/11)
http://www.napf.co.uk/PressCentre/Press_releases/~media/Policy/Documents/0190_%20Accounting_for_PensionsL.ashx
(NB: over 40 pages long)

ECOFIN: Motion for a European Parliament resolution on insurance guarantee schemes

ECOFIN has now published this June 2011 report on its website. (5/09/11)
<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+REPORT+A7-2011-0243+0+DOC+WORD+V0//EN&language=EN>

OFT: PPI Market Investigation Order 2011 – template for compliance and information report

OFT has published the above. In accordance with Article 12 of the Order, companies will be required to supply six-monthly and/or annual compliance reports to OFT according to their size of PPI business (this is graded into three separate classes, which are detailed in the template). (31/08/11) http://www.ofg.gov.uk/shared_ofg/business_leaflets/PPI/PPI-compliance_report_templ1.pdf

FSA: PPI redress

FSA has published details of the amount of redress paid by firms during the first six months of 2011 to consumers who have complained about the way they were sold PPI. It shows that 16 firms, representing 92 per cent of PPI complaints received in the first half of 2011, have paid a total of £215m in redress between January and June 2011 inclusive. In May and June alone, following the Judicial Review, £102m was paid out. FSA intends to publish updates on an ongoing monthly basis accompanied by a running total. (30/08/11) [FSA publishes amount of redress paid to PPI complainants in first half of 2011](#)

IIF: The implications of financial regulatory reform the insurance industry

IIF has published the above report (which is only available to IIF members) which argues that “uncoordinated reforms will be less effective in promoting financial stability and will undermine the ability of insurers and banks to undertake their core functions in supporting economic activity and recovery”. The report argues that a failure to understand the differences between insurance and banking and adequately coordinate the regulation underway in both sectors could lead policy makers to ignore potentially profound implications of changes across sectors and to make unwarranted assumptions about how regulatory reform will operate in practice. The report also highlights incentives provided to banks and insurers under new regulation to place more emphasis on sovereign debt and examines the interactions between banking and insurance regulation and warns over unintended consequence with regard to capital requirements. Detailed statements by members of the IIF Insurance Working Group made at the press conference appear in the second and third links below. (18/08/11) [The Institute of International Finance, Inc. | Press http://www.iif.com/regulatory/article+995.php](http://www.iif.com/regulatory/article+995.php)
<http://www.iif.com/regulatory/article+994.php>

FSA: Factsheet for Insurance brokers – GI brokers optional extras

FSA has published this factsheet which reports on research undertaken into how small firms offered, explained and confirmed optional extras to their customers in documented form where they had been sold further optional insurance in addition to their main policy, including examples of good and bad practice. It is noted that FSA is to conduct a further view of disclosure, which will include looking at how firms deal with optional extras. It states that it “will take action against firms that deliberately seek to mislead their customers”. (18/08/11) http://www.fsa.gov.uk/pubs/other/factsheet_extras.pdf

EIOPA: Draft reports – equivalence assessments of the Swiss, Bermudan and Japanese supervisory systems

EIOPA has published the above reports and have invited comments on each, to be received by 23 September 2011. EIOPA notes where the jurisdictions meet the criteria set out in its methodology for equivalence assessments under Solvency II together with various caveats. (17/08/11)
https://eiopa.europa.eu/fileadmin/tx_dam/files/consultations/consultationpapers/CP03-11_swiss/20110816-EIOPA-EQUIV-11-020-Swiss-Equivalence-draft_report.pdf (NB: over 50 pages long)
https://eiopa.europa.eu/fileadmin/tx_dam/files/consultations/consultationpapers/CP04-11_bermuda/20110816-EIOPA-EQUIV-11-021-Bermuda-Equivalence-draft-report.pdf (NB: over 50 pages long)

https://eiopa.europa.eu/fileadmin/tx_dam/files/consultations/consultationpapers/CP05-11_japan/20110816-EIOPA-EQUIV-11-022-Japan-Equivalence-draft%20report.pdf (NB: over 40 pages long)

ABI: European Committee Q2 update 2011

ABI has published a number of documents from its European Committee, which are available to download individually via the following link, on various topics including: Solvency II, Capital Rights Directive; short selling; OTC derivatives; MiFID; MAD; IMD and PRIIPS and AML. Each article looks at the current status of the topic and includes links to useful documents. The item entitled "Discrimination in the provision of goods and services" considers the implementation of the Achats judgment. (15/08/11)
http://www.abi.org.uk/Bulletins/Newsletters/2011/08/European_Committee_Second_Quarter_Update_2011.aspx

Lloyd's: Financial crime endorsement to binding authority wordings

The covering text notes that, due to their relationship with managing agents, coverholders can pose a potential financial crime risk as "associated persons" under the Bribery Act. The wording of the financial crime endorsement has been drafted to take account of money laundering and international sanctions in addition to addressing bribery implications. (12/08/11)
<http://www.lloyds.com/~media/Files/The%20Market/Communications/Market%20Bulletins/2011/08/Y4510.pdf>

MoJ: Guidance for claims management businesses engaged in the mis-sold PPI sector

MoJ has published this factsheet in respect of the above. (8/08/11)
<http://www.justice.gov.uk/downloads/guidance/inspection-monitoring/claims-management-regulation/business-ppi-factsheet.pdf>

The Registered Pension Schemes (Miscellaneous Amendments) Regulations 2011/1751

These regulations make a number of consequential amendments to various existing regulations to reflect changes made by the Finance Act 2011 to the pensions tax regime in the Finance Act 2004 which remove the effective need to take an annuity by age 75 and reduce the amount of tax relief an individual can receive on their pension savings. (Date in force: 11/08/11) (3/08/11) http://www.legislation.gov.uk/ukxi/2011/1751/pdfs/ukxi_20111751_en.pdf

The Registered Pension Schemes (Lifetime Allowance Transitional Protection) Regulations 2011/1752

This instrument provides that an individual may give notice to HMRC that they intend to rely on a new form of transitional protection to reduce or eliminate any potential lifetime allowance charge from April 2012. It instrument sets out the steps the individual and HMRC have to take to enable an individual to rely on the transitional protection and what happens if the notice is refused or if the individual no longer meets the conditions for the transitional protection. Date in force (11/08/11) (3/08/11) http://www.legislation.gov.uk/ukxi/2011/1752/pdfs/ukxi_20111752_en.pdf

The Taxation of Pension Schemes (Transitional Provisions) (Amendment) (No.2) Order 2011/1782

This instrument makes a number of consequential amendments to The Taxation of Pension Schemes (Transitional Provisions) Order 2006 (SI2006/572) to reflect changes made by the Finance Act 2011 to the pensions tax regime in Finance Act 2004 ("the Act") which remove the effective need to take an annuity by age 75 and reduce the amount of tax relief an individual can receive on their pension savings. (Date in force: 11/08/11) (3/08/11)
http://www.legislation.gov.uk/ukxi/2011/1782/pdfs/ukxi_20111782_en.pdf

The Registered Pension Schemes (Relevant Income) Regulations 2011/1783

These Regulations set out payments which do not count as relevant income for the purposes of meeting the minimum income requirement under the flexible drawdown rules. (Date in force: 11/08/11) (3/08/11)
http://www.legislation.gov.uk/ukxi/2011/1783/pdfs/ukxi_20111783_en.pdf

The Registered Pension Schemes (Transfer of Sums and Assets) (Amendment) (No. 2) Regulations 2011/1790

These regulations make consequential and other minor amendments to existing regulations in respect of transfers from one pension arrangement to another to reflect changes made by the Finance Act 2011 to the pensions tax regime contained in Finance Act 2004 which remove the effective need to take an annuity by age 75. (Date in force: 11/08/11) (3/08/11)
http://www.legislation.gov.uk/ukxi/2011/1790/pdfs/ukxi_20111790_en.pdf

The Registered Pension Schemes (Modification of Scheme Rules) Regulations 2011/1791

This instrument provides that where a scheme administrator of a registered pension scheme satisfies an annual allowance charge on behalf of a member of the pension scheme from the member's pension benefits, any rules of the pension scheme which prevent such an adjustment to the member's pension benefits are modified to allow for such adjustments. It also sets out that any consequential adjustment to a member's pension benefits cannot apply to the member's guaranteed minimum pension or protected rights. (Date in force: 11/08/11) (3/08/11)
http://www.legislation.gov.uk/ukxi/2011/1791/pdfs/ukxi_20111791_en.pdf

The Registered Pension Schemes (Prescribed Requirements of Flexible Drawdown Declaration) Regulations 2011/1792

These Regulations set out the conditions which a scheme member, or their dependant, needs to meet for a declaration to be valid for the purposes of taking flexible drawdown. (Date in force: 11/08/11) (3/08/11)
http://www.legislation.gov.uk/ukxi/2011/1792/pdfs/ukxi_20111792_en.pdf

The Registered Pension Schemes (Notice of Joint Liability for the Annual Allowance Charge) Regulations 2011/1793

This instrument provides details of the information an individual must give in a notice to their pension scheme administrator if they wish the pension scheme administrator to meet their annual allowance charge in return for a consequential adjustment to their pension benefits. (Date in force: 11/08/11) (3/08/11)
http://www.legislation.gov.uk/ukxi/2011/1793/pdfs/ukxi_20111793_en.pdf

The Registered Pension Schemes (Provision of Information) (Amendment) (No.2) Regulations 2011/1797

This instrument makes a number of amendments to The Registered Pension Schemes (Provision of Information) Regulations 2006 (SI2006/567) ("the Regulations"), to reflect changes made by the Finance Act 2011 to the pensions tax regime in the Finance Act 2004 which remove the effective need to take an annuity by age 75 and reduce the amount of tax relief an individual can receive on their pension savings. This instrument amends the Regulations and prescribes certain information requirements for scheme administrators of a registered pension scheme and sponsoring employers of occupational schemes in consequence of the reduction of the annual allowance from tax year 2011-12 and the lifetime allowance from tax year 2012-13. It also sets out the information requirements for scheme administrators where they make a flexible drawdown payment and makes further consequential amendments to the Regulations as a result of age 75 changes introduced from April 2011. (Date in force: 11/08/11) (3/08/11)
http://www.legislation.gov.uk/ukxi/2011/1797/pdfs/ukxi_20111797_en.pdf

FSA: Solvency II – quantitative techniques and tools/External review

The first webpage sets out FSA's plans to ask firms to provide it with specific information as part of the regulator's Internal Model Approval Process. It is intended that questionnaires will go out to firms in August 2011 and that analysis will take place in Q4 2011. Details of a recent pilot exercise are also noted and described in more detail on the second webpage. Other initiatives include a pilot study, currently taking place, to assess benchmark portfolios and participation in an ABI-coordinated working group which will look at looking at approaches to modelling catastrophe risk, the issues that arise and any available best practice. It is noted that ABI intends to produce an industry guidance paper by the end of September which will be available to members and non-members. (1/08/11) [Internal model approval process](#) [External review](#)

Workplace Retirement Income Commission: Building a strong, stable and transparent pensions system

This is the final report of the WRIC. It makes 16 recommendations for further action by Government, the industry, regulators and pension savers. The recommendations cover state pensions, contribution levels, risk management and mitigation, value for money in the savings and retirement income phases, small pension funds, consumer confidence and industry reform, and building a stable environment for pensions policy. One recommendation is that, in line with the Government's proposal

to establish a standing advisory body on longevity and state pension ages, and the original recommendation of the Pensions Commission, an independent standing commission on pensions should be established in order to "take the politics out of pensions". (1/08/11) <http://wricommission.org.uk/wric/wp-content/uploads/2011/07/WRIC-Final-Report.pdf> (NB: over 80 pages long)

FSA: Smaller Wholesale Insurance Intermediaries Newsletter Issue 6

Topics include: FCA's new approach to regulation; client money compliance; approved persons responsibilities; bribery and corruption; IMD 2. (28/07/11) http://www.fsa.gov.uk/pubs/newsletters/wholesale_newsletter_6.pdf

EIOPA: 2011 Report on Market Developments

This report provides a general overview on the developments in cross-border arrangements of Institutions IORPs, following the implementation by Member States of Directive 2003/41. (26/07/11) https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/reports/IORP-Market-Development-Report-2011.pdf

Consumer Focus: Is it advisable? - an investigation into switching and advice in the individual personal pensions market

The report into the individual personal pensions market raises concerns over possible increased use of trail commission by some pension companies in the run-up to the RDR regime and believes that even after the regime comes into force consumers will continue to be disadvantaged. It also calls on the Government to ensure that FCA has the requisite powers to require more effective personalised disclosure of costs and charges in terms that consumers can understand and that FCA be granted the statutory duty to respond to super-complaints from designated consumer bodies. (21/07/11) http://www.consumerfocus.org.uk/files/2011/07/is_it_advisable.pdf (NB: 60 pages long)

EC: Review of the Communication on short-term export credit insurance

This consultation is part of the EC's review of the Communication, which is set to expire in 2012. Stakeholders are asked to provide feedback on the application of the Communication and more in general on export financing. Responses are required by 23 September 2011. (19/07/11) http://ec.europa.eu/competition/consultations/2011_export_credit/en.pdf

The Pensions Act 2008 (Abolition of Protected Rights) (Consequential Amendments) (No.2) Order 2011/30

This Order is made under s145 of the Pensions Act 2008 (c.30), which provides for amendments to be made in consequence of s106 of that Act. Section 106 abolishes the protected rights of members of pension schemes contracted-out on a defined contributions basis, from the contracting-out abolition date (the date for the coming into force of s15(1) of the Pensions Act 2007 (c.22)). This Order makes consequential amendments to primary legislation and provides for transitional provisions for the 3 years following abolition. The majority of amendments come into force on 6/04/12. (15/07/11) http://www.legislation.gov.uk/uksi/2011/1730/pdfs/uksi_20111730_en.pdf

The Pensions Act 2007 (Abolition of Contracting-out for Defined Contribution Pension Schemes) (Consequential Amendments) (No. 2) Regulations 2011/1724

These Regulations are made under s15 of the Pensions Act 2007 (c.22), which abolishes contracting-out of the state additional pension for pension schemes on a defined contribution basis. It provides that contracting-out certificates in relation to money purchase contracted-out schemes and appropriate schemes (as defined by s181(1) of the Pension Schemes Act 1993 (c.48)) cease to have effect from the abolition date. These Regulations make consequential amendments to primary legislation as a consequence of the abolition of contracting-out for defined contribution pension schemes. (Date in force: 6/04/12) (15/07/11) http://www.legislation.gov.uk/uksi/2011/1724/pdfs/uksi_20111724_en.pdf

BIS: Fixed income strategies of insurance companies and pension funds

The report examines how life insurance companies and pension funds might alter their investment strategies and asset allocations, and assesses the likely consequences for market functioning and funding of various economic sectors arising from such changes. (13/07/11) <http://www.bis.org/publ/cqfs44.pdf> (NB: over 60 pages long)

FOS: Household insurance: repairs

As part of its online technical resource, FOS has set out its general approach to settling disputes between consumers and insurers with regard to repairs carried out under household insurance policies. (13/07/11) http://www.financial-ombudsman.org.uk/publications/publications/technical_notes/household-insurance-repairs.html

Pensions Regulator: 2011: Enabling good outcomes in DC pensions: next steps

The Pensions Regulator has published a response - to its industry discussion paper on the regulation of DC pensions. The response reflects opinions from across the industry and sets out next steps in each of the key areas raised. (8/07/11) <http://www.thepensionsregulator.gov.uk/docs/dc-discussion-paper-response-2011.pdf>

FOS: Technical data on redress for mis-sold pensions

FOS has updated its online technical resource with new assumptions (as from 1 July 2011) – for calculating redress for mis-sold pensions. (7/07/11) [redress for pension mis-sale cases that fall outside the pensions review](#)

EIOPA: Financial Stability Report 2011 - first half-yearly report

EIOPA's Financial Stability Committee (FSC) has updated its report on the financial stability of the insurance and occupational pension fund sectors in the EU/EEA. The report is scheduled for the ESRB General Board and for the EFC Financial Stability Table discussions on the macro-financial conditions and overall stability of the EU financial system at meetings in June and July 2011. The current report covers developments in the insurance, reinsurance and occupational pension fund markets as of April 2011. (7/07/11) https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/reports/fileadmin/tx_dam/files/publications/reports/Full-Spring-FSR-2011.pdf (NB: over 50 pages long)

IAIS: Common framework for the supervision of internationally active insurance groups

This "concept" paper considers evolving thinking on the above initiative – known as ConFrame – by which IAIS aims to: develop methods of operating group-wide supervision of internationally active insurance groups in order to make group-wide supervision more effective and more reflective of actual business practices; establish a comprehensive framework for supervisors to address group-wide activities and risks and also set grounds for better supervisory cooperation in order to allow for a more integrated and international approach; foster global convergence of regulatory and supervisory measures and approaches. Comments are required by 31 August 2011. (6/07/11) http://www.iaisweb.org/temp/ComFrame_Concept_Paper_Final.pdf (NB: over 150 pages long)

ABI: Insurance Fraud Register

ABI has announced the foundation of a national Insurance Fraud Register to be funded by its members. It will enable insurers to identify anyone who fails to declare a previous fraudulent insurance claim and follows a six month pilot exercise. It should be fully operational by early 2012. (5/07/11) [Association of British Insurers - No hiding place for cheats as drive to reduce insurance fraud moves up a gear](#)

EIOPA: Stress tests

It is reported that the "exercise confirms that the insurance market in Europe covered by the stress test is robust", but notes that approximately 10% (13) of the participating groups and companies do not meet the minimum capital requirements under the "adverse" stress scenario. 8% (10) fail to meet the minimum capital requirements in the "inflation" stress scenario. (4/07/11) https://eiopa.europa.eu/fileadmin/tx_dam/files/Press-Room/Stress-Test-Results-Release.pdf https://eiopa.europa.eu/fileadmin/tx_dam/files/Press-Room/Stress%20Test%20Results-Presentation.pdf

FSA: Commission on Funding of Care and Support

FSA has published a text of a letter from Margaret Cole with regard to the Dilnot report on the funding of long term care in the UK, which was published today. She notes: "I believe that there is a role for the financial services industry here and the FSA has a close interest in the development of private sector financial services solutions to care funding. We are keen to continue working with the government, the financial services industry and third parties to help ensure the development of products that are in the best interests of consumers. We will be active in supervising the development of new products, especially in light of previous problems with pre-funded long-term care insurance. Indeed, under our consumer protection strategy, we intend to increase our focus on product design and governance more generally, to try to avoid customer detriment" and offers FSA involvement in any working groups convened to discuss improvements to the standards of advice for products that meet care fees funding needs. (4/07/11) <http://www.fsa.gov.uk/pubs/other/dilnot.pdf>

FSB: Peer review on deposit insurance systems

FSB has launched a review of deposit insurance systems in FSB member jurisdictions which will take stock of existing deposit insurance systems and of planned changes. The peer review report will be published in early 2012. As part of the project, FSB is inviting feedback from stakeholders, to be received by 26 August 2011. (1/07/11) http://www.financialstabilityboard.org/press/pr_110701.pdf

HoC: Test Achats case

Mark Hoban's written statement with regard to the above follows, further to comments made in a speech yesterday. He says that "the Government's view is that the judgment only applies to new contracts for insurance and related financial services entered into on or after 21 December 2012. In such contracts, the use of gender as a risk factor should not result in individual differences in premiums and benefits for men and women. However, any contracts with gender-sensitive pricing of premiums or benefits concluded ahead of 21 December 2012 can continue unchanged after that date. We will therefore proceed with amendments to schedule 3 of the Equality Act 2010. These amendments would be effected by Statutory Instrument under Section 2(2) of the European Communities Act 1972, which we propose to make early next year. Beforehand, the Government propose to issue a consultation on a draft order, including a full impact assessment, in the autumn". In addition, he reports that the EC has said it has no plans to propose any amendment of the Gender Directive to give effect to the judgment, but will issue guidance on the interpretation of the judgment and its implementation by member states. (1/07/11) [House of Commons Hansard Ministerial Statements for 30 Jun 2011 \(pt 0001\)](#)

FOS: "Volcanic ash-cloud" travel insurance claims

FOS notes that it has received around 700 complaints from consumers about travel-insurance claims involving the Icelandic volcanic ash incident in 2010. In March 2011, it found in favour of a consumer in a particular case, but now notes that Europ Assistance has launched a judicial review against FOS on this ruling which means that 300 consumers' complaints are being put on hold until the case is settled. (1/07/11) http://www.financial-ombudsman.org.uk/publications/technical_notes/travel-insurance.htm#fd http://www.financial-ombudsman.org.uk/publications/technical_notes/ash-JR-update-Jul11.pdf

Archived material on the sector is available via the following links: [January-June 2009](#), [July-December 2009](#), [January-December 2010](#) and [January-July 2011](#).

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