

BIPAR-FERMA Protocol on Transparency

Purpose of this Protocol

This protocol, agreed between BIPAR and FERMA, is intended to provide a guiding framework for local member associations of BIPAR and FERMA to enable them to agree and issue guidance on intermediary transparency.

This protocol has been developed to apply to business insurances purchased by members of associations represented by FERMA.

Where intermediaries are in competition with alternative forms of distribution for business insurances, BIPAR and FERMA expect them to meet a comparable standard of transparency.

Background

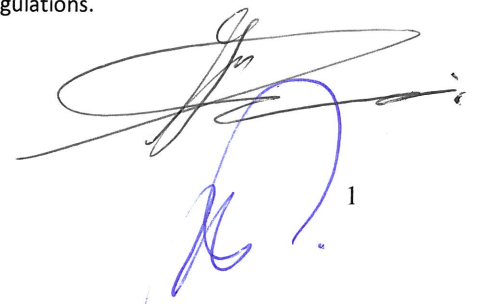
Intermediaries play an important role in the development, placement and servicing of business insurance contracts. Their expertise adds real value to the process, both assisting the insurer and promoting the interest of the insured. It is recognised that intermediaries should receive fair remuneration for their services and that the amount and method of their remuneration should be a matter for the parties involved.

However, it is in the nature of the development, placement and servicing of business insurance contracts that conflicts of interest may arise from time to time. Where this occurs intermediaries should, as in any economic activity, identify them and then manage and mitigate them in an appropriate and transparent manner.

BIPAR and FERMA recognize that the complexity of the insurance sector can sometimes create the perception of a lack of transparency. This protocol addresses these concerns in order to further underpin and enhance trust in the process of purchasing business insurances.

For the avoidance of doubt, this protocol:

- does not apply to reinsurance. Reinsurance contracts are subject to separate legal arrangements.
- is without prejudice to the application of EU and / or national competition rules and other national rules or legislations applicable to the principles set out below; and
- is not binding and the undersigned may not rely on its existence or terms in legal proceedings. The nature and levels of remuneration and the standards of transparency are strictly issues to be decided and agreed between the parties. Parties are only bound by the contracts they conclude and by relevant laws and regulations.

A handwritten signature in blue ink, consisting of a large, stylized initial 'J' followed by a long horizontal stroke and a large loop at the end. Below the signature is a small number '1'.

BIPAR-FERMA Protocol on Transparency for Business Insurances

Intermediaries should, identify manage and mitigate potential conflicts of interest in an appropriate and transparent manner. In order to do so, intermediaries will provide fair and clear information to their business clients about:

1. the nature of their services and the capacity in which they operate so that business clients can make informed decisions about the purchase of insurance products.
2. any underwriting powers and delegated authorities they may hold from insurers in relation to the contract.
3. the nature of the remuneration they receive for placing and servicing the business insurance contracts. In particular, intermediaries will inform clients if:
 - a. they operate on the basis of fees and / or
 - b. the remuneration is included in the premium and / or
 - c. remuneration involves a combination these

Furthermore, upon request, intermediaries will provide information about:

- The amount or (as appropriate) the basis of the calculation of any remuneration included in the premium directly related to the placing and servicing of each business insurance contract.
- Any types of payment received by the intermediary* from the insurer* (other than payments directly related to placing and servicing) that take into consideration the business insurance contract as part of the calculation of the payments. The intermediary will give a generic description of the nature of the agreement that gives rise to these payments.

* including its parent company and / or subsidiary and / or affiliated company


Brussels, 22 November 2010

BIPAR
The European Federation of Insurance Intermediaries



Jaap Meijers
Chairman of BIPAR

FERMA
Federation of European Risk Management Associations



Peter A. den Dekker
President of FERMA