



European Commission
DG Competition
Unit D2 – Financial Services, Antitrust

Ref. HT.1221 –stakeholder input

Commission public consultation on revised draft Block Exemption Regulation for insurance sector

As a response to the public consultation on the revised draft Block Exemption Regulation for insurance sector, the Federation of Finnish Financial Services (FC) would like to state the following. In addition to this statement we refer to the position of the Insurers of Europe, the CEA.

The FC makes reference to the previous statements issued by it in the Commission consultation process regarding the renewal of the Block Exemption Regulation, BER¹. In these statements, we have been in favour of renewing all four areas of cooperation under the current BER. We would like to renew these arguments and express once again our support to the continuation of all four cooperation areas in the BER. Without inclusion of all four cooperation areas in the BER, interpretation of competition law and decisions in specific cases would diverge in different member states.

We also welcome the Commission's intentions to include cooperation on joint compilations, tables and studies and on pools to the scope of the future BER. However, concerning third parties' access to joint compilations, tables and studies, we find it important that the Commission specifies to which kind of data the third parties have access to. In our opinion, only aggregated data should be published upon request of third parties.

The main arguments for bringing the two cooperation areas, standard policy conditions and cooperation in the testing and acceptance of security devices, in the scope of the future BER are the following.

¹ FC statement on Commission interim report on business insurance market, 10 April 2007 and FC statement on the renewal of BER, 4 July 2008.



Standard policy conditions

In our view, non-binding standard policy conditions facilitate the comparison of policies, particularly by consumers. Standard policy conditions improve legal certainty, because standard policy conditions are jointly drafted by specialists in several insurance companies. In Finland, both the insurance industry and insurance consumer organisations have shared the view that cooperation in drafting of policy conditions is necessary and useful from the perspective of insurers, insurance consumers and supervisory authorities.

Standard policy conditions in the area of banking cannot be compared to the cooperation in the field of insurance, as banking standard policy conditions are much more general in nature. SPCs in the area of banking relate to general contract terms, as in the insurance sector the SPCs have influence on the content of specific insurance products.

As insurance contract laws in different member states are not harmonised, standard policy conditions may help the market entry of insurance companies from different legal environments.

As a result, the non-renewal of the BER would weaken the possibilities to cooperate in this field, as it would be too laborious and too risky to assess in each case the possibility to cooperate under the general competition rules.

Security devices

Insurers' standards, guidelines and assessment criteria possess many benefits compared to the procedures of European standardisation organisations. One of these benefits is that insurance companies are now able to make use of the viewpoint and knowledge they get as players in the insurance market. In their business, insurance companies are able to notice when deficiencies and shortfalls in security devices and systems lead to increased damages. Insurance companies are in that way in a position to monitor these trends. This knowledge and viewpoints should be efficiently taken into account in the improvement of security devices.

We also think the European standardisation procedure is a very slow process for new technology products. The insurance industry has proven to be far more flexible and quicker to create safety requirements for the market. The insurance industry is a neutral player in the process, compared to the interests of the safety product manufacturers in the standardisation process.

The approval system applied in the insurance industry has a wider coverage than the European approval system. The standards, guidelines and assessment criteria applied in the insurance industry often relate to entire systems such as extinguishing systems, access control systems and intruder alarm systems, whereas the European standards are generally equipment standards.

The requirement on safety equipment imposed by the insurance industry also improves the position of consumers. The approval system helps insurance consumers and small



businesses to select safety equipment and safety systems that meet the requirements imposed by insurers and which provide the best protection to property.

Transitional period

In case the Commission would not renew the BER on the above mentioned cooperation areas, the future BER should include a transitional period for those lines of cooperation. That kind of transitional period is also included in the current BER and it would be necessary for insurance companies and other actors to be able to adapt to the future competition rules.

The transitional period should be set to at least one year, in order to give a real possibility for market players to adapt to the new legislative framework.

Horizontal guidelines

In case the Commission would not renew the BER on the above mentioned cooperation areas, we feel horizontal guidelines are definitely needed. The guidelines would help insurance companies and national associations assessing the limits of cooperation allowed under the general competition rules. We feel that in this respect, the horizontal guidelines should include as concrete guidelines as possible.

FEDERATION OF FINNISH FINANCIAL SERVICES
Lea Mäntyniemi