Stakeholder Discussion on the IBER Report, 26 April 2016

Opening address

Ladies and gentlemen,

It’s a pleasure for me to welcome you all to this meeting and to see so many participants ready to discuss the report on the functioning and future of the Insurance Block Exemption Regulation, the so called "IBER", that we published in March. The report constitutes an interim step in the Impact Assessment the Commission is conducting. Based on this process the Commission will determine whether and to what extent the IBER, which expires in March 2017, needs to be renewed.

Now, I would like to briefly refer the ongoing review process, to the main conclusions of the March report and, to conclude, I will introduce the two topics which will be the focus of the discussion later this afternoon.

The review process

The review process started in early 2014 with the consultation of the national competition authorities across the 28 Member States. I would like to take the opportunity to thank our colleagues in the national competition authorities for their valuable input.

Following this, the Commission launched a public consultation in the second half of 2014 with the aim of obtaining views from all parties concerned on how the IBER functions in practice and on whether the Commission should renew any of the IBER provisions in a new block exemption regulation.

After the closure of the public consultation, we sent complementary questionnaires to insurance and reinsurance pools, mutual insurance associations which are competitors of pools, insurance intermediaries and customers of co(re)insurance arrangements so to all stakeholders affected by the IBER.
Since then the Commission has held many bilateral meetings and conference calls with several stakeholders, notably with national insurance associations and pools.

So, many thanks indeed to all of you who have taken part in the public consultation, responded to the complementary questionnaires, or participated in the meetings and calls. We very much appreciate the sharing of your expertise during these contacts because obviously your experience counts.

The Commission intends to continue with such contacts after the publication of the Report and ensure that all affected stakeholders can submit their views before the College of Commissioners takes a final decision on the future of the IBER.

So take today's meeting as another step in this process. We are particular interested in getting your reactions on the preliminary findings of the report.

What are the next steps following the publication of the report?

On top of these continuing contacts with stakeholders, we have commissioned two studies on issues that are important with regard to the functioning of the IBER. The studies concern two topics raised by stakeholders in the context of the review: The first topic is to what extent there is supply-side substitutability for insurance. The other topic is the effects of the different forms of co-(re)insurance available on the market. We expect the results of these studies before summer break and think that they will contribute to the comprehensive overview of the market needed to make final proposals on the future of the IBER.

The review will continue until early 2017. We will publish an Impact Assessment Report on which basis the Commission will decide whether the IBER will be kept as it is, modified or whether we will simply let it expire.

Let me now come to the preliminary findings in our report.
Conclusions of the report

As you know, the IBER provides exemptions for agreements between insurers with regard to joint compilations, tables and studies and for co-insurance or co-reinsurance pools. Based on the input we have received and our own review, our preliminary view is that in these two fields the insurance industry shows an enhanced need to cooperate. However, the Commission has made the preliminary finding that it is no longer necessary to maintain a sector-specific Block Exemption Regulation for the insurance sector. Let me briefly explain why.

Regarding joint compilations, tables and studies, the relevant exemption seems no longer necessary because the Horizontal Guidelines, adopted after the IBER came into force, already offer guidance on these cooperation forms.

With respect to co-(re)insurance pools, the IBER appears to be of limited use in practice. Both a study undertaken for the Commission and the information gathered in the review so far show that there are only a limited number of pools, namely fewer than 50, that may benefit from the exemption. Furthermore, the number of pools actually covered by IBER appears to be even lower than that. In their responses a significant proportion of the pools declared that they consider themselves to be outside the scope of the Regulation and therefore don’t use it. The review also showed that insurers share risks in various forms, not only through pools and that there is a growing market trend to use more flexible ways of co(re)insuring risks.

This led us to our preliminary finding that we should not renew the IBER. I said preliminary finding and I repeat that we welcome your views on this.

Stakeholder Discussion

This brings me to my third topic, the discussion we will have this afternoon. If you have different views on the future of the IBER this is the perfect time to make them heard. Please just be aware that we need tangible data supporting your positions, not just general, more or less emotional, statement.

To focus the discussion, I suggest to devote our afternoon on two key topics.
**Alleged cost increases**

The first topic is the alleged cost increases. In the submissions, some stakeholders have claimed that the non-renewal of the IBER might produce cost increases or other negative effects on the market. However to my knowledge, these claims have not been backed up by any data.

Therefore, as first topic, it would be most helpful if you could share with us concrete evidence on these alleged negative effects.

**Horizontal guidelines**

In case the IBER is not renewed, the relevant cooperation agreements will have to be assessed under the standard competition rules. The Horizontal Guidelines, as you might know, include chapters on information exchange and joint production and in my opinion, provide a good and comprehensive basis to assess cooperation in the insurance sector.

So we also invite you today to express your views on why the application of the Horizontal guidelines to the arrangements currently covered by IBER would not be sufficient. To be frank you will need to convince us.

This brings me to the end of my introduction.

I give now the floor to Joaquin to present in more detail the Review work undertaken so far, as well as the preliminary findings that the Commission made public last month in its Report to the Council and the European Parliament.

I wish you all an interesting and fruitful discussion.

Thank you for your kind attention.

Cecilio Madero Villarejo