



April 2009

## InSure

This month's roundup of developments affecting the insurance industry sees the European Union reaching agreement on Solvency II, the FSA publishing the Turner Review, consulting on remuneration and clarifying ICG in the context of the current crisis, CEIOPS issuing the first set of advice,...

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## General News

### Agreement On Solvency II Framework Directive

On 26 March 2009 the CEA announced in a press release that informal but unanimous agreement has been reached at political level in Europe on the text of the proposed Solvency II Framework Directive after prolonged negotiations.

The European Parliament will put the Directive to a plenary vote on 22 April. Formal adoption of the Framework Directive could then take place during the 5 May Economic and Financial Affairs Council.

Please click [here](#) for a copy of the press release. (Source: *CEA press release, 26 March 2009*) - [Back](#)

### FSA Publishes General Insurance Newsletter

On 1 April 2009 the FSA published issue No.16 of General Insurance Newsletter, its regulatory update from the Insurance Sector Team. The issue covers the following topics:

- developments in the PPI market;



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- update on the regulation of connected travel insurance;
- conclusions from the review of insurance comparison websites;
- update on unfair contract terms;
- transparency, disclosure and conflicts of interest – confirmed industry guidance;
- clarification on the treatment of credit write-backs;
- new modification by consent (INSPRU 2.1.22R);
- updates on changes to the reporting of prudential information;
- consultation paper on stress and scenario testing;
- new limits for professional indemnity insurance;
- impact of foreign exchange rates;
- restriction of business to insurance (INSPRU 1.5);
- Solvency II update; and
- Euro-Sterling value.

Please click [here](#) for a copy of the Newsletter. - [Back↑](#)

## FSA Publishes Life Insurance Newsletter

On 1 April 2009 the FSA published Issue No.14 of Life Insurance Newsletter, its regulatory update from the Insurance Sector Team. The issue covers the following topics:

Adviser charging – the choices facing insurers

- pensions and TCF – OMOs, quality of advice and unfair contract terms;
- new modification by consent (INSPRU 2.1.22R);
- prudential requirements – reporting of assets in annual returns;
- consultation paper on stress and scenario testing;
- new limits for professional indemnity insurance;

- valuation of bonds;
- impact of foreign exchange rates;
- COBS 21 requirements – unregulated collective investment schemes;
- Solvency II update;
- Euro-Sterling value; and
- new insurance firms.

Please click [here](#) for a copy of the Newsletter. – [Back](#)

## Insurers Improving Customer Information

According to a press release by the ABI the FSA has revealed that over two-thirds of financial services Key Features Documents (**KFDs**) it had reviewed have significant improvements in quality.

The press release explains that firms must give KFDs to consumers before they buy a packaged product. Packaged products include life investment and personal pension products and most collective investments. All KFDs must include key headings outlining the product, its aims, the investor's commitment, risks, general questions and answers and charges. The FSA first reviewed the standard of KFDs in September 2007 and found only 15% were effective.

(Source: [ABI press release](#), Ref: 39/09, 2 April 2009) - [Back↑](#)

## ABI: Real Progress On Service Standards Made Through Customer Impact Scheme

On 5 March 2009 the ABI published the 2008-09 Customer Impact Survey Industry Report. The survey measured the experiences of over 20,000 customers on a variety of indicators.

According to the ABI the report shows that despite tough economic conditions, life, pensions and investment companies are performing well in key areas of customer service. Encouraging progress is being made on both sales and post-sales service – in particular, views of companies' payments processes have improved, with 53% of customers saying these were 'excellent' or 'very good'. However, the survey shows that customers are still unsatisfied with the way the industry handles complaints.

Please click [here](#) for a copy of the report: (Source: [ABI press release](#), Ref: 29/09, 05 March 2009) - [Back↑](#)



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## ABI: Age Restriction Would Lead To Higher Insurance Costs And Less Choice

The ABI warns in a report published on 2 March 2009 that all customers are likely to face higher insurance premiums and less choice if the Equalities Bill restricts the use of age by insurers to help them assess risk. The cost of travel insurance alone could double if age could not be used as a risk factor.

The report entitled "*Age and Insurance: Helping older customers find the cover they need*" shows that restricting the use of age by insurers would be unnecessary, unfair and restrictive.

Nick Starling, the ABI's Director of General Insurance and Health, said:

*"Insurers only use age where it is relevant, and restricting their ability to do so would rebound on all customers, through higher premiums and less choice. Any legislation should tackle genuine discrimination, not insurance where the use of age helps to ensure a wide range of products at competitive prices."*

Please click [here](#) for a copy of the report. (Source: *ABI press release Ref. 27/09, 2 March 2009*) - [Back↑](#)

## Managing Risk In The Evolving Economy

The FSA published a speech given by Tony Brooke-Taylor, WSF Wholesale Insurance, at the Insurance Institute of London on 11 March 2009. Mr. Brooke-Taylor's speech reviewed the global financial crises with a particular emphasis on the securitisation of insurance risk and outlined how the insurance industry should prepare for the evolving economy.

Please click [here](#) for a copy of the speech. (Source: *FSA, Speech by Tony Brooke-Taylor's, 11 March 2009*) - [Back↑](#)

## Sale Of Resolution To Pearl Faces FSA Investigation Over Disclosure

The *Daily Telegraph* reports that the FSA is investigating potential problems with the sale of closed life insurance company Resolution to Pearl in 2007. The regulator is understood to be looking at whether there was proper disclosure to the stock market at the time of the deal. The probe is likely to intensify the animosity between Hugh Osmond, who controls Pearl, and Clive Cowdery, who created Resolution and has since gone on to set up a new vehicle, also called Resolution. The two entrepreneurs are arch rivals and

their relationship soured further during the protracted bid battle for Resolution in 2007. (Source: *Daily Telegraph, 12 March 2009*) - [Back↑](#)

## FSA Fines Insurance Claims Handler

On 19 March 2009 the FSA announced that it has issued a Final Notice fining Blackburn insurance broker Aspray Limited £21,000 for failings in control of its appointed representatives (**ARs**), and for misleading its clients and the FSA.

According to the FSA press release, Aspray, which specialises in managing insurance claims for property repairs, did not maintain appropriate systems and controls for the recruitment, training and monitoring of its ARs.

Aspray also misled clients by telling them:

- that its services were free of charge when in fact cancellation charges could be incurred and ARs had discretion to charge an insurance excess; and
- that all its contractors were screened and only quality local tradesman were used, when in fact most contractors were found using sources such as 'Yell.com' and were not properly vetted.

The firm also failed to inform customers about the Financial Ombudsman Service (**FOS**) and their right to refer complaints to FOS. It misled the FSA by claiming that it had made compliance visits to all its ARs, had made financial checks on them and reviewed their files when it had in fact performed none of these procedures.

The [Final Notice](#) for Aspray Limited sets out more information about the case. (Source: *FSA press release, FSA/PN/039/2009, 19 March 2009*) - [Back↑](#)

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## New Legislation & Consultations

### FSA: Modification By Consent Of INSPRU 2.1.22R

On 13 March 2009 the FSA published a modification to its handbook enabling insurance firms with exposures to entities which have HM Treasury as a common shareholder not to have to treat those exposures as being to a group of closely related counterparties.



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The FSA explains that the recapitalisation of several UK banks by HM Treasury, and also the nationalisation of Northern Rock and Bradford and Bingley, has led to questions about whether insurance firms with exposures to entities which have HM Treasury as a common shareholder should be treating these entities as being closely related for the purpose of applying the counterparty limits in the above rule. Having considered this issue, the FSA concluded that the unmodified rule does not deliver its intended purpose in the current situation.

Under the modification, which remains valid until 31 March 2012, insurance firms will not have to treat exposures to entities which have HM Treasury as a common shareholder as being exposures to a group of closely related counterparties for the purposes of applying the limits in INSPRU 2.1.22R. This change can be seen in the modification [direction](#).

(Source: [FSA website](#), 13 March 2009) - [Back↑](#)

## [Insurance Premium Tax \(Amendment of Schedule 6A to the Finance Act 1994\) Order 2009 \(SI 2009/219\)](#)

In Force: 1 April 2009. This Order amends the Finance Act 1994 so as to exclude from the charge to Higher Rate Insurance Premium Tax premiums paid under an insurance policy that is of a type generally known as either fully comprehensive, third party (fire and theft) or third party, in cases where the insurance policy is provided in respect of a motor car or motor cycle at the same time as the vehicle is supplied by way of sale.

Please click [here](#) for a copy of the Order. (Source: [Explanatory Memorandum to SI2009/219](#)) - [Back↑](#)

## [CEIOPS First Set Of Advice On Solvency II](#)

Following the decision at its Members' Meeting on 26 March 2009, CEIOPS has released for consultation its [first set of Advice on Solvency II - Level 2 implementing measures](#).

A [cover note](#) accompanies the Consultation Papers, presenting additional information on the topics consulted upon and the timing of the consultation.

Please click [here](#) for more information. (Source: [CEIOPS website](#), 27 March 2009) - [Back↑](#)

## [ABI: Regulation And Markets For The 21st Century](#)

On 13 March 2009 the ABI published a discussion paper (DP) entitled "*Regulation and Markets for the 21<sup>st</sup> Century*".

The ABI calls for an EU body that would act as a 'supervisor of supervisors' to improve oversight across the single market. Over time, the body would also take the lead in the development of supervisory rules. The DP includes five key principles to help ensure that regulatory reform brings real benefits for consumers.

The five principles are:

- **A safe and secure financial services system** – The ABI believes greatly enhanced co-operation between the Tripartite Authorities is essential, but major structural changes in the UK would be a distraction.
- **Prudentially sound firms** – Solvency II must be adopted in Europe, supervision has to improve, more box ticking is not the answer and regulators should better understand the business of firms. Macroeconomic rules must be taken into account by supervisors.
- **Competition and innovation** – Competition drives down charges, promotes choice and innovation and enables customers to diversify their risk. The Financial Ombudsman Service should focus on arbitration, not policymaking.
- **Regulation that works across borders** – The ABI supports the goal of creating an EU 'supervisor of supervisors'.
- **Capital markets that are connected to consumer needs** – ABI calls for a debate on the annual re-election of directors and the role of the chairman and the senior independent director (**SID**) to strengthen governance. The ABI calls for fair value to be preserved as the basis of financial reporting.

Please click [here](#) for a copy of the discussion paper. (Source: [ABI press release](#), Ref: 34/09, 13 March 2009) - [Back↑](#)

## [FSA Publishes Consultation Paper On Remuneration](#)

On 18 March 2009 the FSA published a consultation paper 09/10 (**CP**) which formally consults on whether to incorporate its Code of practice on remuneration into



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the Handbook and on its application to large banks and broker dealers.

The Code has a general requirement that 'a firm must establish, implement and maintain remuneration policies, procedures and practices that are consistent with and promote effective risk management'. This would become a Handbook rule. The CP will also propose that the Code's remaining 10 principles are put into the Handbook to help guide firms on the evidence the FSA will focus on when assessing compliance.

The consulting period on implementation of the Code for larger banks and broker dealers will run for two months, until 18 May. The period for discussion and feedback on the idea of extending the Code to other firms regulated by the FSA will run until 18 June.

The [consultation paper](#) can be found at the FSA website. (Source: [FSA press release, FSA/PN/038/2009, 18 March 2009](#)) - [Back↑](#)

## [IAIS And OECD Publish Draft Issues Paper On Insurer Corporate Governance](#)

On 13 March the International Association of Insurance Supervisors (**IAIS**) and the Organisation for Economic Co-operation and Development (**OECD**) published *Issues Paper on Corporate Governance*

This paper explores the main issues relevant to the corporate governance of insurers. For the IAIS, it will serve as the basis for a supervisory paper and as input for revising the Insurance Core Principles. The OECD will use the report when reviewing its corporate governance guidelines for insurers' governance.

IAIS Members and Observers, OECD Member countries and other interested stakeholders are invited to submit comments on this draft issues paper by 30 April 2009 by using the [comments template](#) and sending the comments to the IAIS Secretariat [lone.moerup@bis.org](mailto:lone.moerup@bis.org) or the OECD Secretariat [timothy.bishop@oecd.org](mailto:timothy.bishop@oecd.org).

Please click [here](#) for a copy of the paper. (Source: [IAIS/OECD press release, 13 March 2009](#)) - [Back↑](#)

## [FRC To Review The Combined Code](#)

On 18 March 2009 the Financial Reporting Council (**FRC**) announced a review of the impact of the Combined Code on Corporate Governance, which sets out best practice corporate governance standards for UK listed companies.

The FRC is inviting views on any aspect of the Code, but in particular on:

- the composition and effectiveness of the board as a whole;
- the respective roles of the chairman, the executive leadership of the company and the non-executive directors;
- the board's role in relation to risk management;
- the role of the remuneration committee;
- the quality of support and information available to the board and its committees; and
- the content and effectiveness of Section 2 of the Code, which is addressed to institutional shareholders.

Views are sought from listed companies, directors, investors and other interested parties by 29 May 2009.

The FRC will publish its findings before the end of 2009. If any changes are proposed to the Combined Code or the way in which it operates they will be subject to further consultation.

The call for evidence can be found on the FRC [website](#). (Source: [FRC press release, FRC PN 258, 18 March 2009](#)) - [Back↑](#)

## [FSA Fees And Levies](#)

On 31 March 2009 the FSA published Policy Statement PS09/5 "*Fees and levy policy and certain regulatory fee and levy rates 2009/10*".

In the paper, the FSA sets out feedback and final rules on the FSA fees and Financial Ombudsman Service (**FOS**) levy policy proposals in its Consultation Paper Regulatory fees and levies: policy proposals for 2009/10 (CP08/18), which had a deadline for responses of 16 January 2009 and comes into effect for 2009/10.

It also includes feedback and final rules on proposals in Regulatory fees and levies: rates proposals 2009/10 ([CP09/7](#)) for certain FSA periodic fee rates, application fee rates and the FSCS management expenses levy limit, which had a deadline for responses of 9 March 2009 and also comes into effect for 2009/10.

Please click [here](#) for a copy of the PS 09/5. (Source: [FSA newsletter, 31 March 2009](#)) - [Back↑](#)



## FSA Handbook Notice 86

On 30 March 2009 the FSA published Handbook Notice 86 which sets out the instruments made by the FSA Board on 26 and 28 March 2008. These instruments:

- implement the changes to the Handbook needed to enable the FSA to discharge its new responsibilities under the Payment Services Directive (FSA 2009/14/ FOS 2009/1);
- set certain fees and levy policy changes and set certain fees and levy rates for the FSA, the Financial Ombudsman Service (FOS) and the Financial Services Compensation Scheme for 2009/2010 (FSA 2009/15 and FSA 2009/16);
- make minor disclosure requirements for lenders offering forbearance based on interest deferment and capitalisation (FSA 2009/17);
- make minor corrections to ensure consistency between different parts of the Handbook and to remove outdated references which relate to the regulation of collective investment schemes (FSA 2009/18);
- implement the provisions of the Acquisitions Directive (FSA 2009/20); and
- enable a transferee deposit-taker, where there has been a transfer of protected deposits from one deposit-taker to another, to keep its separate deposit protection limit (FSA 2009/21).

Please click [here](#) for a copy of the publication. - [Back↑](#)

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## Regulatory Developments

### The Turner Review

Following a request by the Chancellor of the Exchequer Alistair Darling, the chairman of the FSA, Lord Adair Turner, on 18 March 2008 produced his proposal (the so-called "Turner Review") for a new regulatory regime for the financial services industry. The FSA Discussion Paper "A regulatory response to the global banking crisis", which accompanies this review, gives further background to those issues considered in Chapter 2 of the Review and sets out the FSA's initial thinking on how they can be translated in to practical policy

proposals. The DP also summarises the steps that the FSA has already taken to address some of the immediate negative effects of the financial crisis.

The Review contains a dissection of the causes of the financial crisis, blaming macro-imbalances, misplaced reliance on sophisticated maths as well as regulators failing to understand the systemic risk inherent to some of the new products which have increased substantially in volume in the time leading up to the crisis. Key points from the report include the following,

- capital adequacy, accounting and liquidity;
- institutional and geographic coverage of regulation;
- credit rating agencies;
- remuneration;
- FSA supervisory approach;
- utility banking versus investment banking;
- cross-border issues; and
- open questions for further debate.

Please click [here](#) for a copy of the Turner review, click [here](#) for a copy of the Discussion Paper and click [here](#) for a copy of the FSA press release. - [Back↑](#)

### Turner Review Conference: Speech By Lord Turner

The FSA published a speech given by Adair Turner, Chairman of the FSA, on 27 March 2009 at the Turner Review Conference.

In his speech Mr. Turner briefly reiterates the Review's recommendations concentrating on those which are fundamental or where there are important open issues.

Please click [here](#) for a copy of the speech. (Source: *FSA speech by Adair Turner, 27 March 2009*) - [Back↑](#)

### FSA Clarifies ICG In The Context Of The Current Crisis

On 23 March 2009 the FSA published a letter it has sent to the British Banker Association (**BBA**) to clarify how it views the Individual Capital Guidance (**ICG**) in the context of the current economic crisis. The issue is cross-sectoral, and therefore similar letters have been sent to the Association of Mutual Insurers (**AMI**) and the Association of British Insurers (**ABI**).

The FSA recognises that, very occasionally, there may be times when the capital resources of a firm may



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fluctuate around the level of its ICG whilst the firm restores its capital to a position above the level of the ICG. As a result, while the firm should be clear that it needs at all times to continue to meet the requirement for adequate financial resources in GENPRU 1.2.26R, it does not automatically follow that because a firm's capital is less than its ICG the firm is in breach of that rule.

However, the FSA expects that firms projecting volatility in their capital resources will discuss this with them well in advance if there is a risk that those resources will fall below their ICG in the context of the current economic environment.

Please click [here](#) for a copy of the letter. (Source: *FSA letter to the BBA, dated 20 March 2009*) - [Back↑](#)

## FSA Confirmation Of Industry Guidance

On 1 April the BIBA announced in a press release that the FSA has formally confirmed 'Industry Guidance' status on the market solution in respect of conflicts of interest, disclosure and transparency in the commercial insurance sector for intermediaries.

Eric Galbraith, BIBA Chief Executive said: "Our members have repeatedly told us that the FSA's concerns could be addressed by means of an industry solution. I am therefore delighted that the significant expenditure of time and effort by BIBA's compliance team, the other associations (LIIBA, IIB and ABI) and our members has resulted in formal Industry Guidance accreditation."

Please click [here](#) for a copy of the press release. - [Back↑](#)

## FSA Road To Solvency II

On 2 March 2009 the FSA published a paper that outlines the forthcoming papers relating to Solvency II. This paper aims to give an update on the current timelines envisaged for papers, including the CEIOPS Paper Agenda, and the content of each. Please click [here](#) for a copy of the document. - [Back↑](#)

## Solvency II: CEA Provides Technical Input To CEIOPS On A Number Of Topics

On 3 March 2009 the CEA issued five papers that provide input to CEIOPS on level 2 implementing measures for Solvency II. For more details, please see the CEA's papers:

- [CEA response to CEIOPS request on the calculation of the group SCR](#)
- [CEA paper on treatment of participated undertakings](#)
- [CEA follow-up response to CEIOPS' SRP and reporting requirements issues paper](#)
- [CEA paper on capital add-ons](#)
- [CEA paper on the treatment of ancillary own funds](#)

(Source: *CEA, press release, 3 March 2009*) - [Back↑](#)

## Issues Paper On Group-Wide Solvency Assessment And Supervision

On 9 March 2009 the International Association of Insurance Supervisors (IAIS) released an Issues Paper on Group-Wide Solvency Assessment and Supervision. The paper is in response to the current financial crisis and elaborates on challenges that arise from a group-wide perspective, including,

- intra-group transactions and gearing of capital;
- fungibility of capital and transferability of assets;
- complexity of group structures, including non regulated entities;
- diversity of legal and regulatory frameworks and regulatory arbitrage; and
- measurement of risk dependencies and aggregation of risks.

This paper informs about the future IAIS work on the development of a comprehensive suite of supervisory papers on group-wide solvency assessment and supervision. Please click [here](#) for a copy of the Issues Paper. (Source: *IAIS press release, 9 March 2009*) - [Back↑](#)

## Did Life And Pensions "Disclosure" Work As Expected?

On 1 April 2009 the FSA published an Occasional Paper entitled "Did life and pensions "disclosure" work as expected?".

To encourage debate among academics, practitioners and policy-makers in all aspects of financial regulation the FSA is publishing a series of occasional papers in financial regulation.



Please click [here](#) for a copy of the Paper. - [Back↑](#)

## FSA Handbook Development Newsletter

On 30 March 2009 the FSA published a Handbook development newsletter. This publication contains:

- information about recent Handbook-related and other developments;
- information about recently issued Handbook-related and other publications;
- an updated timetable for forthcoming publications;
- information about Consumer publications; and
- a link to our Events web page which provides information about forthcoming conferences and training events.

Please click [here](#) for a copy of the newsletter. - [Back↑](#)

## IOSCO Update On Credit Rating Agencies Oversight

The International Organization of Securities Commissions' (**IOSCO**) Task Force on Credit Rating Agencies (**Task Force**) published the results of its work reviewing credit rating agencies (**CRAs**) implementation of IOSCO's Code of Conduct Fundamentals for Credit Rating Agencies (**IOSCO CRA Code**). IOSCO also published a note that has been sent to the G-20 and Financial Stability Forum regarding the use of the IOSCO CRA Code as the basis for international oversight of CRAs and mechanisms by which regulators can help assure adequate cross-border supervision of globally active CRAs.

- The review found that seven out of the 21 CRAs reviewed had implemented the 2008 IOSCO CRA Code provisions.
- Two CRAs, Austin Ratings and Euler Hermes Rating, intend to update their codes of conduct in the near future.
- 14 of the CRAs reviewed did not address the 2008 revisions of the IOSCO CRA Code. A number of factors may have contributed to this including the proposed EU regulations, resource constraints and the fact that the 2008 revisions were aimed at structured finance products which does not necessarily apply to CRAs who do not offer these ratings.

Please click [here](#) for a copy of the report. (Source: *IOSCO*, [press release IOSCO/MR/04/2009](#), 12 March 2009) - [Back↑](#)

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## General Legal Issues

### Antitrust: Commission Preliminary Views On Renewal Of Insurance Block Exemption Regulation

On 24 March 2009 the European Commission published a report which sets out its preliminary views on renewal of Insurance Block Exemption Regulation (**BER**).

The accompanying press release explains that the BER, which will expire on 31 March 2010, exempts certain agreements between insurance companies from EC Treaty antitrust rules' ban on restrictive business practices (Article 81). Agreements currently covered by the BER include the establishment of non-binding standard policy conditions, the exchange of statistical information for the calculation of risks and the creation of insurance pools. The Report considers, at this stage, that two of the four categories of agreements currently exempted by the BER could be renewed, namely information exchange and insurance pools. A public hearing will take place on 2 June 2009 to allow stakeholders to submit their views orally. The Commission will then take a final decision on the future of the BER.

Please click [here](#) to access the European Commission's website for further information. (Source: *European Commission press release*, IP/09/470, 24 March 2009) - [Back↑](#)

### Financial Services And Markets Act 2000 (Controllers) Regulations 2009

On 12 March 2009 HM Treasury published the Financial Services and Markets Act 2000 (Controllers) Regulations 2009, 2009 No. 534.

These Regulations amend the Financial Services and Markets Act 2000 (c.8) in order to give effect to Directive 2007/44/EC of the European Parliament and Council (O.J. L 247, 21.9.07, p.1.) (the Acquisitions Directive) and for related purposes. The Acquisitions Directive concerns the prudential assessment procedure and criteria to be applied where a decision



has been taken to acquire a substantial holding in a financial services firm. The Acquisitions Directive amends EC Directives relating to credit institutions, investment firms, insurance and reinsurance firms and UCITS management companies.

The Regulations will come into force on 21 March 2009.

Please click [here](#) for a copy of the Regulations. (Source: *Explanatory Note to SI 2009/534, 9 March 2009*) - [Back↑](#)

## [The Financial Services And Markets Act 2000 \(Controllers\) \(Exemption\) Order 2009](#)

On 24 March 2009 HM Treasury published Statutory Instruments 2009 No. 774 *The Financial Services and Markets Act 2000 (Controllers) (Exemption) Order 2009*. The Order was made on 24 March 2009 and will come into force on 15 April 2009.

According to the explanatory note this Order is made under sections 192(a) and 428(3) of the Financial Services and Markets Act 2000 to create exemptions from the obligations to notify the FSA when acquiring, increasing, reducing or ceasing to have control over certain UK authorised persons (financial services firms).

Please click [here](#) for a copy of the Regulations. (Source: *Explanatory Note to SI 2009/807*) - [Back↑](#)

## [Implementation Of The Payment Services Directive - Changes To The FSA Handbook Feedback On CP08/14 And Final Rules](#)

On 30 March 2009 the FSA published Policy Statement PS09/4 *Implementation of the Payment Services Directive - changes to the FSA Handbook Feedback on CP08/14 and final rules*.

In Consultation Paper 08/14 the FSA consulted on changes to its Handbook and the Enforcement Guide necessary to enable it to carry out its new responsibilities under the Payment Services Regulations 2009 (**PSRs**). The PSRs, which the Treasury consulted on last year, have now been made law by parliament. This Policy Statement reports on the responses the FSA has received and sets out, in final form, the Handbook rules and guidance, which will apply from 1 November 2009 in addition to the PSRs.

Please click [here](#) for a copy of the Policy Statement. (Source: *FSA newsletter, 30 March 2009*) - [Back↑](#)

## Cases

### [Ward v Norwich Union Insurance Ltd](#)

In a claim under an accidental death benefit insurance policy by the widow of a fisherman who fell into a harbour and drowned after consuming a large amount of alcohol, the court held that prima facie his death was caused by accidental means within the meaning of the policy but that the policy exception relating to the taking of intoxicating liquor by the insured applied and the claim must therefore fail. Outer House, Court of Session, (JG Reid QC), 26 February 2009

Please click [here](#) for a copy of the case. - [Back↑](#)

### [Porter v Zurich Insurance Company](#)

An insurer was not liable to indemnify a claimant who had decided to commit suicide by setting fire to his home, where the test for insanity had not been made out and where the claimant's action had been 'wilful' within the meaning of an exclusion clause within the relevant insurance policy. However, the passage of time did not act as an automatic bar to recovery. Where the insurer had not satisfied the court that its position was, at the time of the instant proceedings, radically worse than it had been at the relevant time, it was liable to indemnify the claimant in respect of claims arising from thefts carried out shortly after the fire. *Queen's Bench Division, Liverpool District Registry, (Coulson J), 5 March 2009*

Please click [here](#) for further information. - [Back↑](#)



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If you wish to discuss any of the above, or for more information, please contact one of the Insurance and Reinsurance Group



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