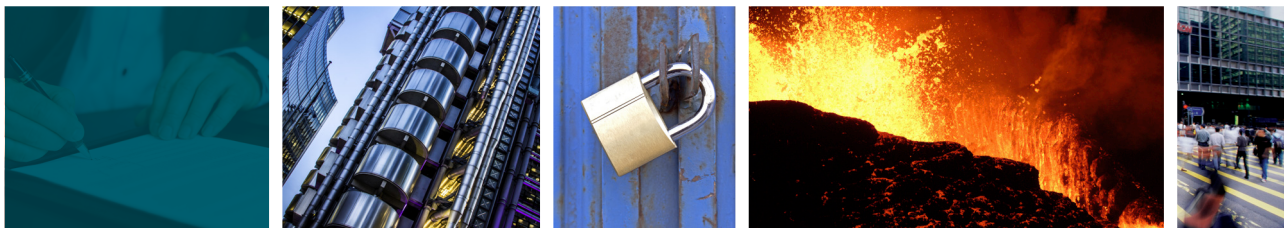


Insurance/  
Reinsurance

2 June 2016



**Welcome to HFW's Insurance Bulletin, which is a summary of the key insurance and reinsurance regulatory announcements, market developments, court cases and legislative changes of the week.**

**1. Regulation and legislation**

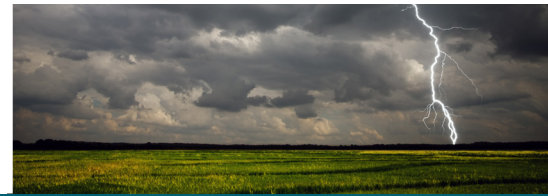
- UK: Revised code for managing agents on UK personal lines claims and complaints handling published by Lloyd's
- UK: European insurance watchdog begins stress test for the insurance sector

**2. HFW publications and events**

- HFW to attend International Cargo Insurance Conference 2016
- HFW to attend Airmic Conference 2016
- HFW to host Nigerian insurers reception
- HFW to attend Practical Law Insurance Law Forum

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## **hfw** 1. Regulation and legislation

**UK: Revised code for managing agents on UK personal lines claims and complaints handling published by Lloyd's**

**A market bulletin was published by Lloyd's on 30 May 2016 in respect of its revised code for managing agents on UK personal lines claims and complaints handling (the Revised Code).**

In line with changes to FCA rules on complaints handling, the Revised Code will come into effect on 30 June 2016. Prior to this date, managing agents should adhere to the code issued in October 2015. The key amendments in the Revised Code concern the following:

1. An extension of the process for informal resolution of complaints to close of business of the third business day. Managing agents are requested to include model wording (found in Appendix 2 to the Revised Code) in all "summary resolution communications".
2. Decisions by the complaints team at Lloyd's after a "stage two" review valued at up to £500 may be binding.
3. Standards for the assessment of compliance with the Revised Code will be set by Lloyd's and any failure to meet these may result in enforcement action by Lloyd's.
4. References to the LMA's recently published two model consumer and commercial complaints wordings for inclusion in insurance contractual documentation.



...prior to the end of June, the complaints team at Lloyd's will be providing managing agents with a reporting questionnaire to be completed, as part of a "dry run", in order to ensure that managing agents are able to meet the new requirements.

LUCINDA RUTTER, ASSOCIATE

5. Information relating to the key points to be aware concerning the setting up of EU online dispute resolution platforms.

In addition, reference is made to amended complaints reporting rules to be introduced by the FCA. As a result, managing agents will be required to supply "contextualisation" data in relation to the number of policies in force upon conclusion of the reporting period. These revised rules will be effective for reporting periods beginning on 30 June 2016. However, prior to the end of June, the complaints team at Lloyd's will be providing managing agents with a reporting questionnaire to be completed, as part of a "dry run", in order to ensure that managing agents are able to meet the new requirements.

For more information, please contact [Lucinda Rutter](#), Associate, London, on +44 (0)20 7264 8226, or [lucinda.rutter@hfw.com](mailto:lucinda.rutter@hfw.com), or your usual contact at HFW.

**UK: European insurance watchdog begins stress test for the insurance sector**

**The European Insurance and Occupational Pensions Authority (EIOPA) has announced the launch of its 2016 EU-wide stress test for the insurance sector. The latest stress test is focused on two of the greatest risks currently facing the insurance sector: the "low yield" environment and the so-called "double hit". Following warnings by the International Monetary Fund last year as to the vulnerability of small and medium-sized insurers, the test has been expanded to include 75% of insurers of each national market in terms of gross technical provisions. Furthermore, after the European Systemic Risk Board highlighted the risk of a "double hit" scenario, the test comprises of a combination of a fall in asset prices and a depression of the risk free rate. The "double hit" scenario has been**



**chosen because low interest rates reduce the rate of return insurers receive from their investments and increase the amount of capital required to meet future obligations to policy holders.**

Stress testing takes place in order to highlight vulnerabilities within the sector. This “double hit” scenario has not been observed before but EIOPA has said it cannot be ruled out. The test is not a pass/fail test for insurers but is intended to be used to provide high-resolution data on the sector and to highlight any critical vulnerabilities. Insurers will have from 24 May 2016 until 15 July 2016 (pushed back from 31 May 2016) to submit their data. The aggregated and anonymous results will be published at the end of the year.

EIOPA will also collect information on the Solvency II equity and long-term guarantees measures as part of a separate compulsory review of the sector. This is being done simultaneously so as to reduce the burden on insurers.

EIOPA's press release is available [here](#)<sup>1</sup>.

For more information, please contact **Simon Banner**, Associate, London, on +44 (0)20 72648289, or [simon.banner@hfw.com](mailto:simon.banner@hfw.com), or your usual contact at HFW.

1 <https://eiopa.europa.eu/Publications/Press%20Releases/2016-05-24-%20Insurance%20Stress%20Test%202016.pdf>.

## **hfw** 2. HFW publications and events

### **HFW to attend International Cargo Insurance Conference 2016**

HFW partner **Jonathan Bruce** will be attending the International Cargo Insurance Conference 2016 in Oxfordshire from Monday 6 June to Wednesday 8 June.

### **HFW to attend Airmic Conference 2016**

HFW partner **David Robinson** and consultant **Peter Schwartz** will be attending the Airmic Conference 2016 in Harrogate from Monday 6 June to Wednesday 8 June.

### **HFW to host Nigerian insurers reception**

HFW partners **Chris Cardona** and **Graham Denny** will be hosting a drinks reception at HFW London on Tuesday 7 June to welcome a delegation of Nigerian insurers to London.

### **HFW to attend Practical Law Insurance Law Forum**

HFW partner **Richard Spiller** and consultant **Carol-Ann Burton** will be attending the Practical Law Insurance Law Forum in London on Thursday 9 June. The conference will explore key insurance themes, such as transparency, innovation and distribution.

**Lawyers for international commerce**

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