

**Juncker's 2016 State of the Union Address:
"Towards a better Europe – A Europe that protects,
empowers and defends"**

On 14 September 2016, the European Commission's President, Mr. Jean-Claude Juncker, delivered this year's State of the Union address before the European Parliament in Strasbourg.

Building on the Commission's political priorities, President Juncker announced some major initiatives on, among others, the Capital Markets Union: *"An economy almost entirely dependent on bank credit is bad for financial stability. It is also bad for business, as we saw during the financial crisis. That is why it is now urgent we accelerate our work on the Capital Markets Union. The Commission is putting a concrete roadmap for this on your table today."* He also referred to the European Data Protection Regulation (GDPR), which was adopted in April this year, as a strong means of protecting Europeans' personal data (to read BIPAR's commentary on the GDPR, please click [here](#)).

The State of the Union speech starts the dialogue with the European Parliament and Council to prepare the Commission's Work Programme for the following year.

To read the full speech, please click [here](#).

Source: European Commission's press release, 14 September 2016

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European Commission's 2016 Consumer Markets Scoreboard

The European Commission's 2016 Consumer Markets Scoreboard, which was published on 5 September, provides an overview of EU consumers' ratings of the performance of 42 goods and services markets across the 28 Member States, Norway and Iceland. These ratings show that market's performance has improved since the last scoreboard in 2014.

Consumer Scoreboards are used by national policymakers and stakeholders to assess the impact of policy over time and compare the situation between Member States. The European Commission uses the findings of the Consumer Markets Scoreboard as evidence to develop its policy. For instance, low consumer trust in financial services was at the origin of the Consumer Credit Directive. The Commission has observed that consumers have now more trust in their

banks, private pensions and investment funds than before. Recent legislative initiatives in areas such as payment accounts and mortgage credit, effective enforcement and awareness-raising efforts are starting to pay off, according to the Commission. At the same time, however, banking services seem to remain the least performing sector among services markets.

The Consumer Markets Scoreboard is available [here](#), in English only.

The Factsheet on the 2016 Consumer Markets Scoreboard can be downloaded [here](#), in English only.

Source: European Commission's press release database, 5 September 2016

European Commission's proposal to incorporate ESAs Regulations into the EEA Agreement

In order to extend financial supervision measures to the EEA EFTA* countries (Norway, Iceland and Liechtenstein), the European Commission announced on 2 June that it had adopted a proposal for a Council decision on the incorporation of the European Supervisory Authorities (ESAs) Regulations into the EEA Agreement.

As a result of the 2008 financial crisis, the EU established the European System of Financial Supervision (ESFS), which, among others, led to the setting up of the ESAs (EIOPA, EBA, ESMA).

The acts to be incorporated into the EEA Agreement include the ESAs Regulations, the European Systemic Risk Board Regulation, the Alternative Investment Fund Managers Directive and related Delegated Acts, the

Short Selling Regulation and related delegated acts, the European Markets Infrastructure Regulation ('EMIR') and the Credit Ratings Agency Regulations.

For the Commission's proposal to come into force, the national parliaments of the EEA EFTA States and the Council of the EU must approve it. The next step is expected to be the formal adoption of the proposal in the EEA Joint Committee.

* EEA=European Economic Area

EFTA= European Free Trade Association

EIOPA=European Insurance and Occupational Pensions Authority

EBA=European Banking Authority

ESMA=European Securities and Markets Authority

Source: European Commission's press release of 2 June 2016

German Financial Supervisory Authority wants to ban retail credit-linked notes

At the end of July, the German Financial Supervisory Authority (BaFin) announced its intention to prohibit the marketing, distribution and sale of credit-linked notes to retail clients for investor protection reasons. According to BaFin, credit-linked notes are highly complex products and clients generally do not receive adequate information on them. The German supervisor further views as problematic the risk of a conflict of interest inherent in the product structure: *"Issuers are, on the one hand, producers of the credit-linked notes which are sold to retail clients and, on the other, they also maintain business relationships with the companies whose creditworthiness risks underlay their products and they may act as lenders themselves"*. Moreover, the German name of the product may mislead clients into thinking that credit-linked notes

("Bonitätsanleihen") are bonds ("Anleihen") in the traditional sense, which is not the case.

BaFin is making use of its product intervention power, which was introduced in July 2015 by the German Retail Investor Protection Act and which allows it to restrict or even prohibit financial instruments or financial activities and practices if these present a significant investor protection concern or a threat to the stability or integrity of the financial system or financial markets. This legislation is based on the MiFIR product intervention provisions and serves to bridge the period until these come into force.

* MiFIR=Markets in Financial Instruments Regulation

Source: CMS Law-Now website, article of 10 August 2016

Insurance comparison websites in France required to be more transparent since 1st July 2016

The decree implementing the Hamon law on insurance comparison websites came into force on 1st July 2016 in France. Comparison websites will now have to provide consumers with clear, fair and transparent information on, for instance, the functioning of the comparison service, the criteria used to make the ranking of offers, whether there are contractual relations or financial links with the professionals whose goods or services

are compared, the details of the price components and the fact that additional expenses may be added, etc. If the ranking of offers depends on the amount of the remuneration paid by the comparison website's partners, this will have to be clearly indicated to consumers.

Source: L'Argus de l'assurance, articles of 29/6 and 25/4/2016

Motor insurance and road traffic laws are to be updated in the UK to support the development of autonomous vehicles

Further to the consultation from the UK Department for Transport on *"Proposals to support advanced driver assistance systems and automated vehicle technologies"* launched in July 2016, the Association of British Insurers (ABI) responded by saying that drivers should have a single motor insurance policy that covers both manual and automated driving, that insurers should have a new legal right to claim damages from the makers of driverless cars, from software companies or other parties in cases where

the vehicle or technology was found to have been faulty. The ABI calls for strict rules that define clearly what people can and cannot do behind the wheel and when drivers can safely allow the car to drive autonomously. *"It is vital that there is clarity over what the responsibilities of manufacturers and car owners/users will be in this area,"* said the ABI in response to the government's consultation.

Source: ABI website, 9 September 2016

FFSA and GEMA merge into the new French Federation of Insurance

The French Federation of Insurance Companies (FFSA) and the Association of Mutual Insurance Companies (GEMA) announced last July that they had joined together to form the French Federation of Insurance (FFA).

The FFA brings together insurance and reinsurance companies that operate in France, i.e. 280 companies, or 99% of the

market. It will be the main voice of the profession with public, private or associative bodies at national and international level.

"Insurers will benefit from an association designed to meet diverse challenges affecting them, be that in regulation, in digital, in climate or society," stated the FFA.

Source: FFA website, 8 July 2016

Insurance Europe's publication "European Insurance – Key Facts"

This year's Insurance Europe's annual Key Facts publication includes data on the European insurance industry for 2015. It deals with European insurance in the world; European premiums, claims and benefits paid; insurers' investment portfolio;

companies and employees; and distribution channels.

This publication can be downloaded [here](#).

Source: Insurance Europe website

Swiss Re's Sigma studies

Strategic reinsurance and insurance

The latest Sigma study "*Strategic reinsurance and insurance: the increasing trend of customised solutions*" demonstrates the utility of non-traditional re/insurance solutions. Strategic reinsurance programmes are designed to provide more efficient risk protection and can help insurers optimise their capital structure in order to improve capital returns and minimise capital costs. Insurers therefore increasingly integrate reinsurance into their long-term strategy and growth plans. Strategic solutions are also used to manage challenging circumstances, such as mergers and acquisitions, changes in regulatory regimes, or market dislocations.

Mutual insurance in the 21st century

Swiss Re's publication on "*Mutual insurance in the 21st century: back to the future?*" indicates that mutual insurers have been experiencing a modest recovery in recent years. Their share of the world insurance market increased from around 24% in 2007 to 26% in 2014, reversing the declines of previous decades. However, mutual insurers face challenges in adapting to the changing business environment, especially new risk-based regulatory capital requirements and tougher corporate governance arrangements.

World insurance in 2015

At the end of June, Swiss Re published a Sigma study on "*World insurance in 2015: steady growth amid regional disparities*". In spite of a challenging environment in 2015, real global life and non-life insurance premiums written grew by 3.8%, compared to a 3.5% growth in 2014. Life premium growth slowed to 4.0% from 4.3% the previous year, due to weaker performance in the advanced markets. In the non-life sector, strong growth in the advanced markets of Asia, and improvement in North America and Western Europe, contributed to a 3.6% increase in global premiums, up from 2.4% growth in 2014.

Natural catastrophes and man-made disasters

Sigma's study entitled "*Natural catastrophes and man-made disasters in 2015*" shows that 353 disaster events were recorded last year, of which 198 were natural catastrophes (highest number in one year on Sigma records) and 155 man-made events. Total economic losses from all disasters were \$92 billion (€80.8 billion) in 2015, compared to \$113 billion (€99 billion) in 2014. Natural catastrophes accounted for \$80 billion (€70 billion), with the earthquake in Nepal being the biggest disaster of the year globally.

All four above-mentioned Sigma studies are available in English, French, German and Spanish at the BIPAR Secretariat upon request.

Source: Swiss Re website