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EC explains transparency meaning for practitioners

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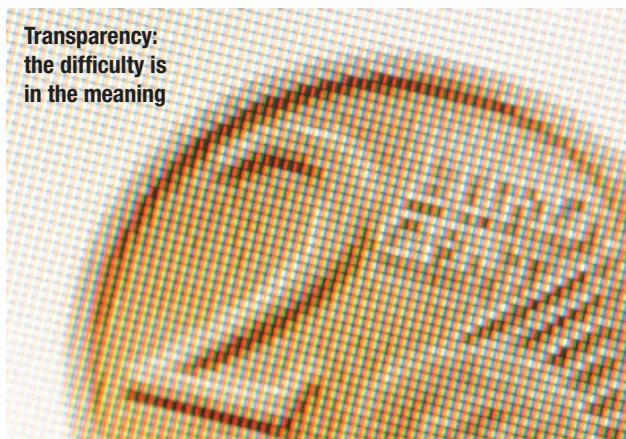
MARKET practitioners have been accused by the European Commission of not fully understanding what is meant by transparency.

Speaking at a conference organised by Steptoe & Johnson, Christoph Emsbach, from the Directorate-General for Competition at the European Commission in Brussels, said the commission had not examined the proposal from Marsh for a 2.5% charge to insurers as part of the sector inquiry into business insurance. Instead, the commission had learned of the proposal through press coverage.

Answering a question from Steptoe & Johnson partner, Guy Soussan, Emsbach said: "At this point any thoughts are very preliminary."

"It seems from discussions in the press that some market practitioners have not fully understood what we mean by transparency. When we talk about transparency we mean

Transparency: the difficulty is in the meaning



between broker and their customer client.

"We were not promoting full pricing transparency between competitors which under certain circumstances could mean collusion. It is a path to be followed with caution."

Speaking about the concept that such a charge could be paid by the insurer without the cost being passed to the ultimate customer, he warned it was not a concept that could be implemented.

He also said that his under-

standing was that the brokers considered the 2.5% charge to be a charge on services rather than a commission, which, he said, were two separate questions.

The 100 participants representing insurers, reinsurers, intermediaries, risk managers, rating agencies and European Union/national professional associations also listened to the competition directorate's thinking on co-insurance and the subscription market, as well as on brokers' conflicts of interest and the block-exemption regulation.