



March 2009

InSure

This month's roundup of developments affecting the insurance industry sees the ABI outlining the future of Europe's financial services, the FSA publishing its business plan and consulting on fees, the European Council increasing protection for deposit holders and IOSCO consulting on principles on outsourcing, ...

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General News

FSA Market Watch No. 31

On 25 February 2009 the FSA published Issue No. 31 of Market Watch, its newsletter on transaction reporting issues. The publication covers the following topics:

- alternative instrument identifier (**AI**) project: update;
- populating the instrument identification code and instrument identification code type fields;
- transaction reporting – new validation for ISO 10383 market identifier codes;
- transaction reporting forum;
- completing the quantity field for spread bet transactions;
- quality and completeness of transaction reporting; and
- unique client identifiers.

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



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FSA Publishes Financial Risk Outlook

On 09 February 2009 the FSA published its Financial Risk Outlook (**FRO**) outlining the main risks facing firms, consumers and the regulatory system in the economic downturn, in particular the challenges created by banking sector and real economy deleveraging.

This year's FRO is divided into three sections:

- *financial and economic crisis* sets out an integrated view of the macroeconomic, financial and regulatory developments which lie behind the crisis. It outlines issues relating to the regulation of banks and bank-like institutions which will be covered by the Turner Review and an FSA discussion paper due to be published in March;
- *economic outlook* describes a central economic scenario drawn from various forecasts focusing in particular on how deleveraging is likely to affect firms, markets, consumers and the FSA. Three alternative scenarios explore the ways in which the economy and financial sector could plausibly evolve over the medium and long term to highlight the substantial uncertainties that face both firms and consumers;
- *outlook for financial sectors and consumers* identifies the risks and implications of the financial and economic environment for firms, market participants and consumers.

The [FRO](#) is available on the FSA website. (Source: [FSA press release](#), FSA/PN/025/2009, 09 February 2009) - [Back↑](#)

ABI Outlines Future Of Europe's Financial Services

The ABI has launched a three-stage plan to help restore confidence and trust in European financial services. A report published on 12 February 2009 outlines the ABI's priorities for Europe and highlights key principles for a global recovery.

The report entitled "*The Insurance Industry: Rebuilding Confidence in Europe*", proposes three steps to help build trust in European capital markets:

Short term: Better use of the information exchange offered by Colleges of Supervisors.

Medium term: More resources for Level Three Committees, which bring together European regulators in specific financial sectors.

Long term: A debate over the feasibility of a single prudential supervisor to overcome the current lack of trust between European regulators.

Please click [here](#) for a copy of the report. (Source: [ABI, press release Ref: 23/09](#), 12 February 2009) - [Back↑](#)

Insurance Industry Issues Paper On The Regulatory Consequences Of The Financial Crisis

The CEA published on its website a paper prepared by the Pan-European Insurance Forum (**PEIF**), a group of CEOs of major insurance companies in Europe, on the regulatory consequences of the financial crisis.

The key messages include:

- policy makers reacting to the financial crisis need to take into account that the business model of the insurance industry differs substantially from that of other financial services sectors;
- specifically, insurers do not generate the kind of systemic risk that arises in banking. Government interventions in support of insurance companies have to be carefully evaluated and justified against insurance specific criteria.

Please click [here](#) for a copy of the paper. (Source: [PEIF, Insurance view Regulatory Consequences of Financial Crisis](#)) - [Back↑](#)

AIFA Launches Industry Group To Challenge FSA Fee Increase

The Association of Independent Financial Advisers (**AIFA**) and the Association of Mortgage Intermediaries (**AMI**) have issued a joint statement announcing the formation of a "*Regulatory Fees Strategy Group*". The group, to be chaired by Director General, Chris Cummings, is being formed in response to the proposed fee increases from the FSA (see below).

Chris Cummings, Director General, AIFA and AMI, commented:

"We support the case made by FSA to charge the banking community more for its regulation - but cannot



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agree with the unwarranted level of fee increases proposed for the intermediary community, who have not caused the banking crisis but have been affected by its fallout."

Please click [here](#) for a copy of the statement. (Source: AIFA, press release, 17 February 2009) - [Back↑](#)

CEIOPS' 2009 Report On The Functioning Of Co-Cos

On 16 February 2009 CEIOPS published the results of a survey it had conducted on the 2007-2008 practical supervisory co-operation within the Coordination Committees (**Co-Cos**) under the current legal Solvency I framework as well as on the expectations for 2009.

The 'lead' supervisors of all 110 cross-border insurance groups have participated in the exercise.

The main finding of this survey is that performance of the Co-Cos has substantially improved since the previous surveys held in 2004 and 2006. However, there is still room and need for further improvement especially in the area of joint activities.

Please click [here](#) for a copy of the survey. (Source: CEIOPS, [press release](#), 16 February 2009) - [Back↑](#)

Review Of Branch And In-store Financial Promotions - December 2008

On 5 February 2009 the FSA published the results of its review of branch and in-store financial promotions.

The FSA has carried out a review into the levels of compliance for in-branch and in-store financial advertising involving 19 individual banks, building societies and other distributors (such as supermarkets or high street retailers). The review was conducted over a one-month period. Material relating to mortgages (including debt consolidation), insurance and investments, was collated from a total of 27 retail outlets and analysed. In total, the FSA reviewed 141 unique promotions.

Overall the results show:

- good overall standard of compliance – with best results for insurance products and services and poorest for investments;
- direct action with firms was taken in all cases where the FSA had serious concerns; and
- providing up-to-date promotional material was a particular issue.

The full results can be found on the FSA [website](#). (Source: FSA website, 05 February 2009) - [Back↑](#)

SFO To Look Into AIG Financial Products Corp.

The Serious Fraud Office (**SFO**) announced in a press release that it has launched a preliminary inquiry into the UK operations of AIG Financial Products Corp., which is a subsidiary of American International Group, Inc. (**AIG**).

The press release explains that the SFO is cooperating with US authorities who are already conducting separate, independent investigations involving conduct at AIG Financial Products Corp and with the FSA in the UK. SFO's inquiry does not concern the insurance operations of AIG in the UK or elsewhere.

AIG Financial Products provided the insurers' clients with various financial products including derivatives, corporate finance etc. Its customers base ranges from banks institutional investors to high net-worth individuals all over the world.

Please click [here](#) for a copy of the press release. (Source: Serious Fraud Office, press release, 12 February 2009) - [Back↑](#)

New Legislation & Consultations

FSA Publishes Handbook Notice No. 85 Together With The Handbook Development Newsletter

On 27 February 2009 the FSA published Handbook Notice No. 85 together with the Handbook Development Newsletter.

The Handbook Notice introduces new rules to the Handbook and other material made by the Board under its legislative powers on 9 and 26 February 2009. It also contains information about other publications relating to the Handbook and, if appropriate, lists minor corrections made to previous instruments made by the Board.

On 9 February 2009, the Board made an instrument which:

- reduces the minimum rights issue subscription period in the Listing Rules sourcebook from 21 days to ten business days (FSA 2009/6).



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On 26 February 2009, at its normal monthly meeting, the FSA Board made seven instruments which:

- make minor administrative corrections to the Senior Management Arrangements, Systems and Controls sourcebook (FSA 2009/7);
- address the timing of notification of the intention to redeem or repay tier one and tier two capital requirements (FSA 2009/8);
- update guidance on passporting in the Supervision manual (FSA 2009/9);
- amend FSA transaction reporting rules to improve the transaction reports for over-the-counter derivatives and ensure the reporting rules remain proportionate (FSA 2009/10);
- amend current Collective Investment Schemes sourcebook requirements for authorised funds in relation to the use of currency hedging (FSA 2009/11);
- amend the Listing Rules in respect of the Model Code and trading plans (FSA 2009/12); and
- address a gap in the current Disclosure and Transparency Rules and reduce the potential for inappropriate exercise of influence on voting rights and/or for the acquisition of substantial stakes on an undisclosed basis (FSA 2009/13).

These instruments are listed in Annex A of the Handbook Notice. Please click [here](#) for a copy of the Handbook notice. (Source: *FSA, Handbook Notice No. 85, February 2009*)

The Handbook Development Newsletter 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 the Events Web Page which provides information about forthcoming conferences and training events.

Please click [here](#) for a copy of the Newsletter. (Source: *FSA, Handbook Development Newsletter, February 2009*) - [Back](#)

HM Treasury Exempts Freight Forwards And Storage Firms

On 17 February 2009 OPSI published the Financial Services and Markets Act 2000 (Exemption) (Amendment) Order 2009 (SI 2009/264) (Order).

This Order amends the Financial Services and Markets Act 2000 (Exemption) Order 2001 (“the 2001 Order”) (S.I. 2001/1201) which provides for certain persons to be exempt from the general prohibition imposed by section 19 of the Financial Services and Markets Act 2000 (c. 8) (“the Act”) on carrying on a regulated activity in the United Kingdom unless authorised under the Act. It extends the exemption in paragraph 50 of the Schedule to the 2001 Order applying in relation to freight forwarders and storage firms, so that such firms may extend rights under their insurance policies to both their commercial and to their retail customers without becoming subject to regulation under the Act. The 2001 Order comes into force on 6th April 2009.

The 2001 Order follows the deregulation of the commercial insurance activities of freight forwarders and storage firms last year. The changes were made by Statutory Instrument 2007 no. 1821, which came into force on 20 July 2007. The final text of the Statutory Instrument is available from the [Office of Public Sector Information website](#).

A week earlier, on 12 February 2009, HM Treasury [published](#) the responses it received during the consultation exercise that preceded the Order.

Please click [here](#) for a copy of the 2001 Order. (Source: *SI 2009/264, explanatory memorandum, 17 February 2009*) - [Back](#)

The Banking Act 2009 Enters Into Force

On 21 February 2009 the [Banking Act 2009](#) together with secondary legislation came into force. The new legislation enables the tripartite authorities comprising of the Bank of England, the FSA and HM Treasury to help failing financial institutions for example by way of temporary nationalisation or selling it on to a rival institution. The secondary legislation is primarily designed to safeguard third parties' interests and includes:



- [The Banking Act 2009 \(Bank Administration\) \(Modification for Application to Banks in Temporary Public Ownership\) Regulations 2009 \(SI 2009/312\)](#). See: [Explanatory Memorandum](#).
- [The Banking Act 2009 \(Bank Administration\) \(Modification for Application to Multiple Transfers\) Regulations 2009 \(SI 2009/313\)](#). See: [Explanatory Memorandum](#).
- [The Bank Administration \(Sharing Information\) Regulations 2009 \(SI 2009/314\)](#). See: [Explanatory Memorandum](#).
- [The Banking Act 2009 \(Parts 2 and 3 Consequential Amendments\) Order 2009 \(SI 2009/317\)](#). See: [Explanatory Memorandum](#).
- [The Banking Act 2009 \(Third Party Compensation Arrangements for Partial Property Transfers\) Regulations 2009 \(SI 2009/319\)](#). See: [Explanatory Memorandum](#).
- [The Banking Act 2009 \(Restriction of Partial Property Transfers\) Order 2009 \(SI 2009/322\)](#). See: [Explanatory Memorandum](#).

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Council Adopts Deposit Protection Directive

On 26 February 2009 the Council of the European Union published a [press release](#) announcing that it has adopted a Directive raising guarantee levels and reducing payout delays in the event that deposits of a bank would become unavailable.

The new Directive includes provisions:

- raising the coverage level to a minimum of EUR 50,000 as from 30 June 2009, rather than the present EUR 20,000;
- setting the coverage level at EUR 100,000 as from 31 December 2010;
- reducing the payout delay to 25 working days (a period of five working days to establish that a credit institution has failed to repay deposits which are due and payable, and of 20 working days, subject to extension by 10 working days, to make the repayment). The corresponding periods are at present 21 working days and three months, subject to the possibility of two three-month extensions.

As the press release explains, the purpose of the adopted Directive is to help restoring confidence in the banking sector by strengthening depositor protection through: drastically reducing the payout delays, eliminating co-insurance, increasing the coverage level to EUR 50,000 as early as possible and further setting it at the level of EUR 100,000 by the end of 2010, and enhancing cross border cooperation between the home Member State, where the bank is authorised, and the host Member State, where the foreign branch is located. The new Directive will enter into force on the third day following its publication in the Official Journal of the European Union.

(Source: *Council of the European Union, 6983/09 (Presse 52), 26 February 2009*) - [Back](#)

Call For Evidence On Review Of Investor Compensation Schemes Directive

On 9 February 2009 the European Commission (**Commission**) launched a call for evidence on the review of the application of the Investor Compensation Schemes Directive (Directive 1997/9/EC).

This Directive aims to protect investors against the risk of losses in the event of an investment firm's inability to repay money or return assets held on behalf of their clients. The Commission now wishes to gather information about the application of the Directive.

This call for evidence is also in line with parallel initiatives concerning the Deposit Guarantee Schemes Directive and Insurance Guarantee Schemes. The closing date reply is 8 April 2009.

An accompanying press release explains that this call for evidence is focused on the following issues:

- the scope of the Directive in terms of services covered, also in the light of the implementation of Directive 2004/39/EC on markets in financial instruments (MiFID);
- the amount of compensation;
- the funding of the compensation schemes which represents a crucial part of the functioning of the mechanism; and
- some technical aspects which may hamper the efficient and timely functioning of the schemes (notably, any existing restrictions on the carrying of unpaid reimbursement debts over a certain period of time and the need to set



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effective reasonable deadline for reimbursement).

The consultation is available at:

http://ec.europa.eu/internal_market/securities/isd/invest_or_en.htm

Comments should be sent to the following e-mail address: MARKT-G3@ec.europa.eu

(Source: *European Union [press release IP/09/230](#), 9 February 2009*) - [Back↑](#)

FSA Consults Further On Changes To With-Profits Rules

On 23 February 2009 the FSA published a consultation paper (**CP**) relating to compensation and redress payments arising from operational failures including mis-selling that life insurance companies may currently charge to their with-profits funds. These proposals relate specifically to proprietary firms rather than mutuals.

As the accompanying press release explains, under current rules a firm may pay compensation and redress from assets attributable to shareholders or from the inherited estate of its with-profits fund (if any). In a consultation paper issued last year ([CP08/11](#)) the FSA proposed that the shareholders alone should meet the cost of future compensation and redress payments as the current rules may not lead to the fair treatment of policyholders.

The FSA is now proposing that the amended rules should only apply to compensation and redress payments resulting from events that take place after the rule comes into force. This will provisionally be the end of July 2009.

The consultation will close on 22 May 2009. The FSA will then publish a policy statement and will finalise draft rules.

[Consultation Paper 09/9](#): With-profit funds - compensation and redress: Further consultation, feedback on CP08/11 and draft Handbook text, can be found on the FSA website.

(Source: *FSA [press release](#), FSA/PN/030/2009*, 23 February 2009) - [Back↑](#)

Consultation On New Information Gateway Between FSA And Claims Management Regulator

On 20 February 2009 HM Treasury published a consultation seeking views on proposed changes to the Financial Services and Markets Act 2000 (Disclosure of Confidential Information) Regulations 2001 to introduce an *Information Gateway* between the FSA and the Claims Management Regulator. The purpose of the *Information Gateway* is to enable the sharing of information between regulators for regulatory functions.

The draft regulations make the necessary amendment to allow information to be passed from the FSA to the Claims Management Regulator. The amendments take into account the fact that some information held by the FSA may not be disclosed or is subject to conditions on onward disclosure because of restrictions imposed under European Directives.

The closing date for this consultation is 14 May 2009.

Please click [here](#) for a copy of the Consultation document. (Source: *HM Treasury, [website](#), 20 February 2009*) - [Back↑](#)

IOSCO: Principles On Outsourcing By Markets Consultation Report

The International Organization of Securities Commissions (**IOSCO**) Technical Committee (**TC**) published for public comment a consultation report on Principles on Outsourcing by Markets (**Report**).

The Report sets out a set of principles that are designed to assist markets and market authorities when considering outsourcing arrangements. The Report will be finalised after consideration of comments received from the public.

Comments may be submitted on or before 20 May 2009.

Please click [here](#) for a copy of the report. (Source: *IOSCO, [Principles on Outsourcing by Markets](#), February 2009*) - [Back↑](#)

CEIOPS Responds On ADR Schemes

On 26 February 2009 CEIOPS published the reply it has sent to the European Commission (**EC**) on the EC Consultation Document on ADR schemes.

CEIOPS welcomes the EC's efforts on this important area and encourages any attempt to fill the gaps in the European framework to be consistent with consumer



protection provisions and networks in the context of the development of the single market.

Please click [here](#) for a copy of the document. (Source: CEIOPS, [website](#), 26 February 2009) - [Back↑](#)

Regulatory Developments

FSA Publishes Business Plan And Consults On Fees

On 12 February 2009 the FSA published its Business Plan for 2009/10 alongside the 2009/10 consultation paper on regulatory fees and levies.

The [Business Plan 2009/10](#) takes account of the current difficulties for financial markets and their users. Accordingly, the FSA intends to focus on ensuring firms are soundly run and in particular that they adjust their business models to ensure they can remain well capitalised and securely funded. In carrying out its consumer mandate, the FSA intends to concentrate its resources on helping people cope with the economic downturn and maintaining pressure on firms to treat customers fairly.

The FSA will also play a full role in modernising the global regulatory framework. This will involve taking forward the agenda that will be laid out in an FSA Discussion Paper in March. Finally and crucially the FSA will complete the planned programme of improvements to its supervisory processes.

The FSA's budget of £415m for 2009/10 reflects the cost of taking these priorities forward. To fund its proposed plan of work, the FSA will need to increase the amount it raises from firms (the Annual Funding Requirement) by £117m. The largest component of this increase, approximately £70m, is due to the cost of embedding and delivering higher quality supervision, especially of higher impact firms. To support the enhancement of its supervisory process, the FSA will also be investing an additional £12m in technology and property infrastructure.

The [Fees Consultation Paper \(CP09/7\)](#) explains how the FSA proposes to raise the annual funding requirement from fee payers, and provides an opportunity for comment.

(Source: FSA [press release FSA/PN/026/2009](#), 12 February 2009)

The AIFA has responded to the FSA's business plan and the proposed increase in regulatory fees that will hit the IFA sector. AIFA is concerned about the impact this will have on IFA firms and is calling for a full review of FSA budgets by the National Audit Office. Please click [here](#) for a copy of the AIFA press release.

Likewise, the IMA calls on the FSA to give clear, substantive reasons as to why there is such a significant increase in supervisory costs for large firms. Please click [here](#) for a copy of the IMA press release. - [Back↑](#)

Code On Remuneration

On 26 February 2009 the FSA published a Code of practice (**Code**) on remuneration policies. The Code that applies to all FSA-regulated firms is set to ensure that firms have remuneration policies which are consistent with sound risk management and which do not expose them to excessive risk. It is not concerned with setting levels of remuneration, which are a matter for the boards of companies and their shareholders to decide.

The FSA indicated that it would use the principles embodied in the Code to assess firms' exposure to risks arising from their remuneration policies as part of the ICAAP process.

FSA chief executive Hector Sants said:

"We have already outlined the work we have been doing on remuneration during the last 12 months. The code of practice we have published today is the next stage in that work and clearly lays out the framework we expect firms to adopt."

Please click [here](#) for a copy of the Code. (Source: FSA [press release](#), 26 February 2009) - [Back↑](#)

FSA Urges Firms To Stop Selling Single Premium PPI

The FSA announced on its website that it has written to all firms still selling single premium Payment Protection Insurance with unsecured personal loans (**SP PPI UPL**) asking them to withdraw the product as soon as possible, and by no later than 29 May 2009.

The letter from Jon Pain, the FSA's managing director of retail markets, reminds firms that the Competition Commission's final report on its PPI market inquiry, published on 29 January, included a remedy that



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prohibits the sale of single premium PPI policies after 1 October 2010.

The letter asks for a written response to the request to withdraw SP PPI UPL to be sent to the FSA by 31 March 2009.

For a copy of the letter please click on the following link:
[Dear CEO Letter](#)

(Source: *FSA press release, FSA/PN/031/2009, 24 February 2009*) - [Back↑](#)

FSA Publishes Factsheet On Advice Process

On 16 February 2009 the FSA published the sixth series of factsheets entitled "*Improving the quality of your advice process – Management information and systems and controls.*"

The factsheets focus on the different areas of the advice process that the FSA reviews in the firms visited and mystery shopped during the Quality of Advice Processes II Project. The examples outlined in the factsheets are designed to help firms to consider their own systems and controls and the use of management information as part of their monitoring.

The FSA encourages firms to familiarise with these examples to ensure that a good quality of advice process is in place.

Please click [here](#) for a copy of the factsheets. (Source: *FSA factsheet, 16 February 2009*) - [Back↑](#)

FSA Speech On TCF

The FSA published a speech given by Sarah Wilson, Director, Treating Customers Fairly (**TCF**), at the ABI seminar for Non-Executive Directors of insurance companies on 5 February 2009. In her speech Ms Wilson addressed three broad issues:

- business strategy and its governance;
- risk management and oversight; and
- reward.

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

ILAG Publishes Warning

The Investment & Life Assurance Group (**ILAG**) published a letter it sent to the FSA on 4 February 2009

in relation to the 'total premium' disclosure requirement for pure protection products under the EU Distance Marketing Directive (**DMD**).

The letter explains that until very recently the FSA adopted a pragmatic approach to the effect that, for pure protection products, provided the actual premium, frequency and term of the policy were shown on the documentation this was sufficient to meet the 'total premium' requirement.

However, at some point in late 2008 the guidance from FSA was changed and firms were told that they should adhere to a strict interpretation whereby the total premium over the lifetime of the entire contract had to be shown and for this to be implemented by the deadline of 15 January 2009.

ILAG warns that this change of stance on the interpretation of the DMD is causing the UK Protection Industry considerable concern and cost whilst appearing to provide no consumer benefit.

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

Retail Distribution Review New Standards For Qualifications

On 5 February 2009 the Financial Services Skills Council (**FSSC**) announced that it will develop new standards for qualifications in relation to retail distribution. This follows the publication of the FSA Retail Distribution Review Feedback Statement (**FS**) in November last year. The FS signalled that new minimum entry qualifications for financial advisers would be established. New minimum qualifications are intended to be at QCA Level 4 and would be a requirement from the end of 2012.

The FSSC explains that in the meantime advisers may wish to study for Level 4 or higher qualifications in readiness for the likely outcomes of the RDR. However, they should be aware that current qualifications cannot be guaranteed to meet the FSA's new requirements from 2010.

To read the full press release click [here](#). (Source: *FSSC, press release, 05 February 2009*) - [Back↑](#)



General Legal Issues

Independent Review Of Corporate Governance Of UK Banking Industry By Sir David Walker

On 09 February 2009 the Chancellor of the Exchequer, the Secretary of State for Business, Enterprise and Regulatory Reform and the Financial Services Secretary to the Treasury published a press release announcing a review to recommend measures to improve the corporate governance of UK banks, particularly with regard to risk management.

The review is being chaired by the former financial services regulator, Sir David Walker.

According to the press release the review will examine board management of risk (including the effectiveness of risk and audit committees), incentives to manage risk in bank remuneration policies, the competences needed on bank boards, board practices and structures, and the role played by institutional shareholders.

The terms of reference for the review are to examine corporate governance in the UK banking industry and make recommendations, including in the following areas:

- the effectiveness of risk management at board level, including the incentives in remuneration policy to manage risk effectively;
- the balance of skills, experience and independence required on the boards of UK banking institutions;
- the effectiveness of board practices and the performance of audit, risk, remuneration and nomination committees;
- the role of institutional shareholders in engaging effectively with companies and monitoring of boards; and
- whether the UK approach is consistent with international practice and how national and international best practice can be promulgated.

The review will give preliminary conclusions to commissioning Ministers in the autumn and final recommendations by the end of the year.

Please click [here](#) for a copy of the press release. (Source: *HM Treasury, press release, 10/09, 09 February 2009*) - [Back↑](#)

Ministry Of Justice Guidance On Rome II

On 9 February 2009 the Ministry of Justice published "Guidance on the law applicable to non-contractual obligations (**Rome II**) Outline of the main provisions"

The European Community Regulation on the law applicable to non-contractual obligations came into force on 11 January 2009. The Regulation will apply within the United Kingdom and to all other Member States with the exception of Denmark.

The purpose of this guidance is to provide a brief summary of the most important provisions in the new Regulation.

Please click [here](#) for a copy of the Guidance. (Source: *Ministry of Justice Guidance on the law applicable to non-contractual obligations (Rome II) Outline of the main provisions, 9 February 2009*) - [Back↑](#)

Commission Reviews Fourth And Seventh Company Law Directives

On 24 February 2009 the European Commission launched a Consultation on the Review of the Fourth and Seventh Company Law Directives.

This project is the third step in the simplification of accounting rules for SMEs and other companies in the scope of the Fourth and Seventh Company Law Directives ("**Accounting Directives**"), which began with a fast-track proposal in 2008. A Member State option to create a new "micro" entity category in order to exempt them from the accounting requirements under the 4th Directive is being proposed by the European Commission, simultaneously with the launch of this stakeholder consultation.

The current consultation aims at raising issues relating to the modernisation and simplification of the Accounting Directives. Positive effects of the review will include a reduction of burden mainly for small companies as well as qualitative improvements for all companies within the scope of these Directives. Following an analysis of the comments received to the consultation paper a legislative proposal will be presented by the end of 2009.



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Please click [here](#) to access the Commission's website with further information. (Source: *European Commission, website, February 2009*) - [Back↑](#)

Cases

[Laker Vent Engineering Ltd V Templeton Insurance Ltd](#)

The court upheld a judge's decision that the defendant insurer was bound, pursuant to an insurance policy for legal expenses risks, to indemnify the claimant company in respect of the claimant's legal costs and expenses arising out of arbitration between the claimant and a third party company which was as a result of a dispute which had started before the commencement of the policy. *Court of Appeal, Civil Division, (Jacob, Richards and Aikens LJJ), 11 February 2009*

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

[Ansari v New India Assurance Ltd](#)

On the evidence and true construction of the insurance contract in the instant case, the judge had rejected the claimant's claim for damages from the defendant insurer in respect of a fire which had occurred at commercial premises. *Court of Appeal, Civil Division, (Waller, Thomas and Moore-Bick LJJ), 18 February 2009*

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

[Qayyum Ansari v New India Assurance Limited](#)

The claimant's claim for damages against the defendant insurance company for wrongful refusal to indemnify him under an insurance policy in respect of the damage caused by a subsequent fire was dismissed in circumstances where, inter alia, the cover provided by the policy had terminated prior to the fire, thereby entitling the defendant to refuse to indemnify the claimant. *Chancery Division, (Patten J), 18 February 2008*

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

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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