



Comments on certain points of the Interim Report of the European Commission in the Business Insurance Sector Inquiry

Ad 1. Financial Aspects of the Business Insurance Sector

In our opinion no cross-subsidising of the policies with LCCs by underwriting for SMEs can be observed in the German insurance market.

We think that the figures on which the Interim Report is based cannot, as far as the distinction between LCCs and SMEs is concerned, be sufficiently reliable, because the distinction between LCCs and SMEs is not clear. Every insurance company defines differently whether a policyholder belongs to one segment or the other. The figures which have been reported by the insurers may therefore not be compared with each other.

Ad 2. Duration of Contracts in the Business Insurance Sector

In Germany, multi-year insurance policies are nearly always effected at the request of policyholders or brokers, who thus secure premiums that remain constant for several years. The insurer enters the risk of not being able to raise the primary insurance premium even if the reinsurance premiums go up. Multi-year insurance policies are hence more advantageous for the policyholder.

In Germany, annual policies with an automatic renewal clause are usual. The automatic renewal clause reflects the competition that exists with regard to the terms and conditions of insurance. Because wordings are not standardised, there is a need on both sides not to have to renegotiate and conclude the insurance contract anew each year.

Ad 5. Horizontal Cooperation among Insurers

For insurance companies newly entering a foreign market, it is particularly important to be able to access generally available calculations and studies and standard policy conditions. This possibility of cooperation must therefore continue to be allowed in order to make cross-border market penetration possible.

The same applies to the possibility of participating in co-insurances abroad in order to thus gain knowledge and experience of unfamiliar markets.

The retention of the block-exemption by Regulation (EC) No. 358/2003 seems therefore indispensable, particularly for small insurance companies, if they wish to operate internationally at all.

Cologne, 3rd April 2007