

News Release

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Guy Carpenter Report Finds Power of Remedy Laws in Europe Expanding Insurers' Fields of Exposure

Update on Continental European Legal and Legislative Trends Also Addresses Impact of Global Financial Crisis on Legal Liability

London, June 8, 2009

Guy Carpenter & Company, LLC today published the latest installment in its series of updates on key legislative and legal developments impacting insurers and reinsurers in Continental Europe. The briefing, available for download at www.GCCapitalIdeas.com, addresses the implications of the ongoing global financial crisis, highlighting the types of legal liability and litigation that may be expected in Continental Europe.

According to the report, developed in conjunction with the insurance practice of law firm Heuking Kühn Lüer Wojtek, both the European and national parliaments are continuing to institute new laws to grant expanded powers of remedy to specific interest groups. These laws, ranging from extended accountability of ship-owners to the restoration of environmental habitats, have the potential to significantly impact casualty insurers' fields of exposure and may call for the development of new and innovative insurance products.

The report covers the latest legislative and legal developments in Belgium, France, Germany, the Netherlands, Spain, Sweden, and Switzerland. Among the report's highlights:

EUROPEAN PARLIAMENT

- Adopted on March 11, 2009, Erika III represents an important step in the development of environmental legislation at sea, providing the EU with a completely overhauled system for monitoring vessels in its ports, as well as better tools for sea accident prevention.
- Though the legislation has generally been positively received by the industry, its Directive on the Insurance of Ship-Owners for Maritime Claims has raised debate within various shipping organizations about additional legal costs and increased administrative burdens.

FRANCE

- A recent ruling by the French Supreme Court to quash a decision of a court of appeal that had refused to award the victim of an assault full compensation for economic loss arising from the assault may represent a first step toward widespread recognition of a duty to mitigate under French law. Though a common legal principle in many nations, French legislation and case law have traditionally not imposed a general duty for aggrieved parties to mitigate their damage

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GERMANY

- Premiums for German Directors and Officers (D&O) insurance policies have nearly doubled in recent months as a result of the global financial crisis, following several years of declines. The market for financial institutions risks has hardened appreciably.
- The German Environmental Damage Act, adopted in 2007, was based on the “polluter-pays” principle. In response, the insurance industry in Germany developed environmental damage cover, which – 18 months later – has now become a matter of course for responsible businesses.

QUOTE

David Lewin, Managing Director, Guy Carpenter & Company

“What stands out in this latest report is the continued movement, across Europe, toward greater power of legal remedy for public interest groups. In this environment, casualty insurers will need to remain vigilant, and the industry will need to respond with new products to help insureds more effectively mitigate risk.”

“Naturally, the global financial crisis is also having a profound impact on a number of areas, most notably on insurance and reinsurance of financial institutions’ directors and officers and professional liability exposures. We expect the effects of the financial crisis to reverberate through Continental European civil courts over the course of the next several years.”

TAGS/KEYWORDS

Guy Carpenter, Europe, insurance, reinsurance, legal, legislation, casualty, D&O, environment

LINKS/URLS

Recent Legislative and Judicial Trends in Continental Europe Affecting the Casualty Insurance Industry: <http://www.gccapitalideas.com/tag/legal-update>

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Guy Carpenter's new intellectual capital website, www.GCCapitalIdeas.com, leverages blog technology, including Real Simple Syndication (RSS) feeds and searchable category tags, to deliver Guy Carpenter's latest research as soon as it is posted. In addition, articles can be delivered directly to BlackBerrys and other handheld devices.

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