



**THE COUNCIL**  
of INSURANCE  
AGENTS & BROKERS

07 July 2009

Federal Finance Administration FFA  
Rechtsdienst  
Bernerhof  
3003 Bern  
Switzerland

Re: Consultation on Insurance Contract Law - E-VVG Art. 68

Dear Sirs:

On behalf of our members, insurance brokers who are established and conduct business in Switzerland, we appreciate the opportunity to provide our comments on the proposed changes to the Swiss Insurance Contract Law regarding compensation of insurance intermediaries.

The Council of Insurance Agents and Brokers represents the leading commercial insurance brokers in the United States and around the world. The Council is also a member of the World Federation of Insurance Intermediaries.

We share our Swiss broker colleagues' view that the proposal is not in the best interest of the industry or the commercial customers whom we serve.

The proposal fails to recognize that insurance intermediaries provide valuable services both to the customer and the insurer. Commissions compensate brokers for services that benefit the client and the insurer and make the process more efficient and less costly to all parties. Examples of these services include collection of premiums, facilitating claims handling, drafting client-specific policy wording and arranging risk management surveys, to name a few services.

We also are concerned about the precedent the change creates in involving government in the regulation of compensation structures for insurance or any industry. We firmly believe that free market principles, rather than government interventions, are best suited to determining a fair level of compensation for products and services. The market works most efficiently when the buyer has the information necessary to make an informed decision about the insurance policy and the services being bought. Thus, rather than regulating compensation methods, we believe that a transparent process best serves consumers and all stakeholders.

Swiss risk managers, who are our members' customers, agree that compensation should not be regulated and are joining with brokers in opposing government involvement in the method of compensation. Mr. Dieter Berger, president of the Swiss Assn. of Insurance Risk Managers recently said its members "...have enough knowledge of the business to deal with brokers and insurers on what they should get and what they should not get. We have to be able to negotiate contracts in a way that satisfies us." Government intervention often leads to an unlevel playing field that does not serve the customer or the market.

Lastly, we are concerned that the proposed regulation is not in line with harmonization efforts among other European countries. Harmonization facilitates trade and in turn spurs economic development that benefits economies around the globe, including the Swiss economy. This type of regulation generally does not exist in other free market property-casualty insurance markets.

We thank you for considering our remarks.

Sincerely,

A handwritten signature in black ink, appearing to read "Markham McKnight". The signature is fluid and cursive, written in a professional style.

Markham McKnight  
Chairman