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BIPAR Press articles:

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▶ European Commission's 2018 Work Programme

At the end of last year, the European Commission adopted its 2018 Work Programme entitled "**An agenda for a more united, stronger and more democratic Europe**", which presents initiatives to complete the work on the 10 priorities set out in President Juncker's Political Guidelines by the end of the Commission's 5-year mandate, as well as more long-term initiatives with a view to shaping the EU's future for 2025 and beyond.

To build a stronger Union, the Commission will propose more efficient Single Market law-making. It will focus its efforts in 2018 on revising EU company law to support businesses with clear rules. This will include modernised rules for setting VAT rates, new rules on administrative cooperation between Member States in the field of VAT, a proposal to simplify the VAT system for SMEs and rules for taxing the profits that multinationals generate in the digital economy.

The **new General Data Protection Regulation (GDPR)** will establish strong common standards for data protection that are fit for the digital age. The Commission will provide guidance to help prepare citizens, businesses and public administrations before the GDPR comes into force in May 2018. The Commission will work closely together with the new European Data Protection Board, the joint body of national data protection authorities that will assume its functions as of 25 May 2018.

To respond to the increasing number of **cyber attacks**, the Commission will set up a network of cyber-security competence centres. At the same time, it will also remain focused on making the most of the opportunities presented by new technologies such as autonomous cars.

The 2018 work programme also makes a number of proposals that follow on from **regulatory fitness and performance (REFIT)** reviews of current laws, taking into account the opinions of the REFIT platform. In parallel, the Commission published an overview of its **Better Regulation Agenda** and its results together with the REFIT Scoreboard.

The European Commission's 2018 Work Programme and its attachments as well as other key documents are available in all EU languages [here](#).

Source: European Commission's press release, 24-10-2017



► Social media companies change their terms of services to make them compliant with EU rules

The European Commission and Member States' consumer authorities published on 15 February the changes Facebook, Twitter and Google+ made to their terms of services, to align them with the EU consumer protection rules and to ensure the rapid removal of illegal commercial content upon notification.

These changes will benefit more than a quarter of a billion of EU consumers who use social media. Following numerous complaints by consumers who had been targeted by fraud or scams when using these websites, as well as having been subject to certain terms of services that do not respect EU consumer law, a joint action by national enforcers of the Consumer Protection Cooperation (CPC) Network led by the French authorities and facilitated by the Commission, was launched in November 2016.

From now on, EU consumers will not be forced to waive mandatory EU consumer rights, such as their right to withdraw from an online purchase; they will be able to lodge their complaints in Europe, rather than in California; and the platforms will take up their fair share of responsibilities towards EU consumers, similarly to the offline service providers. However, the changes only partially fulfil the requirements under EU consumer law.

Next steps

The Commission is currently working on the follow-up actions to its Communication on tackling illegal content online published in September 2017. The national consumer authorities and the Commission will monitor the implementation of the promised changes. They will focus on illegal commercial content concerning unwanted subscriptions and other scams and may take action, including enforcement measures where necessary. The Commission will present in April 2018 a "New Deal for Consumers", a reform that will propose the modernisation of existing consumer laws and ensure that they are properly enforced.

- **Factsheet:** "Better social media for European consumers: overview of changes" - Available [here](#) in English only.
- **Commission's Communication on tackling illegal content online** - Available [here](#) in all EU languages.

Source: European Commission's press release, 15-02-2018

► Commission's new report on collective redress possibilities in Member States

On 26 January, the European Commission published a report examining the progress made by Member States on the implementation of collective redress measures following its 2013 Recommendation. The report shows that the availability of collective redress mechanisms as well as the implementation of safeguards against the potential abuse of such mechanisms is still not consistent across the EU. The report will feed into the initiative "New Deal for Consumers" that the Commission will propose in spring, as announced in its work programme for 2018, to further strengthen ways of enforcement and redress for consumers. The Commission also published on 26 January a study on national procedural laws and their impacts on the protection of consumers under EU consumer law, including redress opportunities.

- **Commission's Report on collective redress** - Available [here](#) in all EU languages.
- **Commission's Study on national procedural laws** - Available only in English [here](#)

Source: European Commission's press release, 26-01-2018

► rescEU: new plans to strengthen Europe's response capacities to natural disasters

As a result of more complex and frequent natural disasters that have seriously affected many European countries over recent years, at the end of last year, the European Commission announced new plans to strengthen Europe's ability to deal with natural disasters. A key part of the Commission's proposal is the creation of **rescEU**, a reserve at European level of civil protection capabilities such as aerial forest fighting planes, special water pumps, urban search and rescue and field hospitals and emergency medical teams. These will complement national assets and will be managed by the European Commission in order to support countries hit by disasters such as floods, forest fires, earthquakes and epidemics.

The Commission's Communication "Strengthening EU Disaster Management: rescEU - Solidarity with Responsibility" is available in all EU languages [here](#).

Source: European Commission's press release, 23-11-2017



French Constitutional Court validates annual cancellation for all borrower insurance contracts

France amended its law on mortgage insurance in February 2017, allowing borrowers to change their provider on an annual basis, but it was applicable only to borrowers who took out a mortgage after 22 February 2017. From 1st January 2018, all borrowers were to be eligible, but banks balked at the possibility of losing part of a lucrative market and the French Banking Federation appealed to the country's highest court, the French Constitutional Court.

On 12 January 2018, the Constitutional Court ruled that borrowers who took out a mortgage prior to the change in the law in 2017 were eligible to switch their mortgage insurance provider. *"The legislature intended to strengthen the consumer protection by ensuring a better contractual balance between the insured and the banking institutions and their insurance partners,"* the Court said in its ruling. *"By applying the right to cancel existing contracts, it wanted, given the long duration of these contracts, the reform to benefit a large number of borrowers."*

Mortgage insurance is not compulsory in France, but banks generally sell it when a borrower signs up for a loan. It protects borrowers in the event of death or if they become incapacitated and are unable to pay off their loan.

The French federation representing insurance agents, agéa, and the French federations representing insurance brokers, CSCA and Planète Courtier, (all 3 member associations of BIPAR) stated in a joint press release that they welcomed the ruling of 12 January and that it was a major step forward for consumers who can now choose their borrower insurance policy freely. They added that they would remain vigilant with regard to the fair application of the regulation in this respect by all players, in order to protect borrowers' interests.

The ruling will also result in the opening up of the country's mortgage insurance market, which has been until now oligopolistic and anti-competitive: banks hold a share of over 80% in this market.

Source: Article of Argus de l'assurance, 12-01-2018

BVK wins over Check24

BVK, the German Association of insurance intermediaries (a member association of BIPAR), decided at the end of 2017 to again refer Check24, the number one comparison website in Germany, to the Regional Court of Munich as it considered that Check24 did not comply with the final ruling of 13 July 2017 of the Higher Regional Court of Munich, i.e. Check24 did not indicate clearly to its clients that they did not only compare insurance policies but also received commissions as brokers when an insurance contract was concluded.

Early February 2018, the Regional Court of Munich ruled in favour of BVK and imposed a fine of 15,000€ on Check24. The comparison website stated that it would not appeal against this decision.

Background

In the autumn of 2015, BVK filed a lawsuit with the Regional Court of Munich against Check24, for unfair competition (see BIPAR Press of July 2017). Check24 was deceiving customers into believing that it was only a comparison website when it was in fact an insurance intermediary that was concluding insurance contracts and receiving commissions. Furthermore, it did not comply with the legal requirements regarding information and advice to consumers.

On 13 July 2016, the Regional Court of Munich condemned Check24 for its lack of transparency regarding its remuneration. As it did not obtain full satisfaction, BVK appealed this decision. On 6 April 2017, the Court of Appeal in Munich followed BVK's opinion, i.e. all market players must meet the same requirements to ensure consistent consumer protection.

Source: BVK press release of 08-02-2018

BIBA's 2018 Manifesto "Engaging"

The British Insurance Brokers' Association (BIBA, a member association of BIPAR) launched on 22 January its 2018 Manifesto, with "Engaging" as its theme. The latter was presented in the Houses of Parliament to an audience of Ministers, MPs, Lords, senior Government officials, insurance professionals and the media.

High on BIBA's agenda is tackling the **rate of regulatory change**. Its Chief Executive, Steve White, stated: *"Research has shown systemic risk does not arise from*



insurance brokers yet they and their customers are faced with a barrage of new instructions, rules, documentation and missives from one of the most expensive regulators in the world. These 'business as usual' demands have been in addition to the coming challenges of the GDPR, the Insurance Distribution Directive, the Payment Services Directive and Brexit. The sheer weight of red tape and continual changes affect our sector's productivity, increases frictional costs and hinder service and innovation."

Another key priority for BIBA is the **Insurance Premium Tax (IPT)**, which is now at a record high. BIBA is calling for IPT to be frozen for the duration of this Parliament.

Other pledges in the Manifesto include working to **improve access to insurance**, in particular for those 16 million people who currently do not have access to home insurance in the UK. BIBA has also committed to raising awareness about the **terrorism insurance gap** and to assist the market in developing suitable solutions.

The Manifesto also includes a special **Brexit** section dedicated to engaging with Europe on a smooth EU exit. White said: "We are pleased that government will be legislating to allow many EEA regulated insurers to continue to allow for contracts of insurance for UK clients; but this needs to work both ways and we are calling for a trade agreement that allows for mutual recognition."

This BIBA Manifesto can be viewed [here](#).

Source: BIBA website, press release of 22 January 2018

▶ Bank of Lithuania monitoring illegal practices in the mandatory motor third-party liability insurance market

The Bank of Lithuania, whose mission is to foster a reliable financial system and ensure sustainable economic growth, is looking into the motor third-party liability (MTPL) insurance market to identify insurers who are asking excessively high premiums just to avoid concluding compulsory MTPL insurance with some drivers. According to the Bank of Lithuania, there are cases in the market where the owner of a car is asked to pay an insurance premium of up to 5,000 euros and the owner of a truck, a premium of up to 100,000 euros.

The Lithuanian "Law on Compulsory Insurance against Civil Liability in respect of the Use of Motor Vehicles" requires the user of a motor vehicle to be covered by an

MTPL insurance, and the insurer who is engaged in this activity, to conclude such an insurance contract when the potential policyholder meets all the legal requirements. In order to fix the premium, the insurer assesses risk factors such as accidents caused by the potential client in the past, the client's age and driving experience, the weight, power, engine capacity of the motor vehicle, etc. Insurers also take into account the total number of accidents, the cost of repair, treatment and similar expenses, cases of fraud, etc.

However, even in cases where potential clients entail a higher risk or are potentially riskier than others, insurers have the obligation to cover such clients without adversely affecting clients' interests. The Directors of the Financial Services and Market Supervision Department of the Bank of Lithuania said that they would take every possible action to eliminate such illegal practices.

Source: Bank of Lithuania's website, article of 16-01-2018

▶ Swiss Re's publications

➤ "Global insurance review 2017, and outlook 2018/2019"

On 21 November 2017, Swiss Re released its annual review of developments in the world economy and re/insurance markets, with a first take on the outlook for 2018 and 2019. The paper entitled "Global insurance review 2017, and outlook 2018/2019", shows that the improved global economic growth of 2017 is likely to continue next year. The large natural catastrophic events in the second half of 2017 resulted in significant losses in Property & Casualty re/insurance. These losses are expected to lead to rising prices in both non-life insurance and reinsurance. At the same time, the improved economic outlook is expected to boost demand for insurance. In the non-life sector, global premiums are forecast to grow by at least 3% in 2018 and 2019 in real terms. Global life premiums are forecast to increase by close to 4% annually, after-inflation, over the next two years. As in non-life, the major driver will remain the emerging markets (mainly China).

This paper is available in English only upon request at the BIPAR Secretariat.



➤ *Swiss Re's Sigma study on life in-force management*

Swiss Re's latest study "*Life in-force management: improving customer experience and long-term profitability*", reviews levers that life insurers can use to better manage existing books of business, with two ultimate aims: to improve customer experience and to boost long-term profitability. Life insurers currently face many challenges, including low interest rates, a difficult pricing environment and the need to adapt to regulatory changes. More broadly, developments in demographics, medicine and technology will change mortality and morbidity rates in many parts of the world, having a fundamental impact on life insurance business.

This paper is available in English, French, German and Spanish upon request at the BIPAR Secretariat.

➤ *Swiss Re's Sigma study on commercial insurance*

Swiss Re published another study in October of last year entitled "*Commercial insurance: innovation to expand the scope of insurability*". It deals with the innovative risk transfer solutions available to cover the ever evolving range of exposures that companies face. According to this report, product development and innovation around data and data analytics have expanded the scope of insurance solutions to a wider range of threats and perils, and made risk transfer more efficient.

This paper is available in English, French, German and Spanish upon request at the BIPAR Secretariat.

Source: Swiss Re's website