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EUROPEAN SUPERVISORY AUTHORITIES: ESMA's new responsibilities in 2020

On 1 October 2019, the European Securities and Markets Authority (ESMA) published its **2020 Work Programme**, in which it sets out its priorities and areas of focus for the next 12 months. The key issues facing ESMA are the implementation of its new mandates following the ESAs Review and EMIR 2.2., and its enhanced role in the fields of direct supervision, supervisory convergence, investor protection, relations with third countries, sustainability and technological innovation.

The Work Programme is available in English only [here](#).

Source: ESMA website

ALTERNATIVE DISPUTE RESOLUTION: Commission's recent report

On 25 September 2019, the European Commission published its first report on the implementation of the European framework for Alternative Dispute Resolution (ADR) and Online Dispute Resolution (ODR). Both instruments allow consumers and traders (including insurance intermediaries) to settle their disputes over a purchase through 460 ADR bodies without going to court.



The ODR platform has attracted more than 8.5 million visitors and 120,000 consumer complaints since its launch in 2016. Moreover, it has led to direct settlement in up to 42% of its cases.

As to ADR, the report shows that impartial dispute resolution bodies are now operational in all Member States and in the retail sectors. However, more work still needs to be done, and the Commission works on continually improving the ODR platform by providing more targeted information on consumer rights, while helping users find the most appropriate redress tools and to facilitate direct settlements.

The Commission's full report is available in all EU languages [here](#).

Source: European Commission's press release, 25-09-2019



CYBER SECURITY KIT provided to French companies to raise awareness about cyber risks

According to this year's barometer conducted by the French Association of Financial and Management Control Directors (DFCG) and Euler Hermes, the European

leader in fraud insurance (part of the Allianz group), in 2018, 1 in 4 French companies was a victim of at least 1 fraud, 1

in 5 experienced more than 10 fraud attempts and 7 in 10 companies were victims of at least 1 fraud attempt. In response to these cyber attacks, the French Ministry of Economy and Finance developed a toolbox - available online since 1 October of this year - that allows companies to check their security level in a few minutes by testing their browser, domain name, data backup procedures and strength of their passwords. This toolbox then provides a rating from E to A++. "The figures show that this is a matter of urgency: many companies, especially smaller ones, have not put in place any means of combating cyber risks," said a representative of the French government's defence and security service. One month of cybercrime awareness training is organised by this service, in partnership with the DFCG.



Source: article from the Argus de l'Assurance, 03-10-2019

PUBLIC PROCUREMENT: Commission adopts new rules on digital forms

On 30 September 2019, the European Commission adopted new rules on eForms, which are digital procurement notices, for clearer and more accessible online information on public procurement and contracts. This will make life easier for companies looking for business opportunities and make public spending more transparent for citizens. These new rules will help green, social and innovative businesses get better access to public contracts, in line with the Commission's 2017 [Making Public Procurement work for and in Europe](#) plan. eForms will be used in about €500 billion worth of large public contracts and may also be used in up to €1.5 trillion worth of smaller contracts. To leave sufficient time for adapting national and

European IT systems, public administrations have until October 2023 to use these new forms.

The Commission's *Delegated Regulation of 30 September* is available [here](#). The *annexes to this Regulation* are available [here](#).

Source: European Commission's press release, 30-09-2019

ADD-ON INSURANCE PRODUCTS: Czech National Bank to tighten the rules

The Czech National Bank (CNB) announced recently that it would toughen regulations on the sale of add-on insurance products that are frequently sold in the Czech Republic to customers when they buy electronic devices, household appliances or holiday packages. Critics point out that customers often do not understand exactly what is covered by complementary insurance products, since terms and conditions of policies are usually sent to them by email or post after the contracts' execution.

The Czech IDD Act allows a natural person or legal entity who is selling non-insurance goods or services to intermediate insurance contracts without holding the appropriate CNB licence if the policy relates to defects, damage or loss of the goods; non-use of or defects in the services provided; damage or loss of luggage; claims related to travel; and if the insurance amount does not exceed EUR 600 on a pro rata annual basis.

The CNB is now considering one proposal which would be to require intermediaries to be registered and pass relevant exams (comparable to those completed by insurance agents) and to keep records of client communications.

Source: www.lexology.com

BLOCKCHAIN: Commission's report on how to use this technology in financial, trade and public services

The European Commission's new report "**Blockchain now and tomorrow**", which was released on 8 October 2019, explores the challenges and impacts of distributed ledger technologies and offers an in-depth and practical understanding of blockchain and how the technology can be used in finance, industry, trade and the public sector in the future.



The decentralised nature of record keeping in combination with encryption of data provides users with trust, traceability and security for exchanging their data and/or assets. There is high potential for blockchain to be used in many different areas such as in financial services, supply chains, energy, healthcare and the public sector.



- The **full report** "Blockchain now and tomorrow" is available in English only [here](#).
- The **executive summary** of the report is available [here](#).
- The Commission's **factsheet on blockchain** is available [here](#) (English only)

Source: European Commission's science and knowledge service's website

Capgemini/Efma 2019 WORLD INSURTECH Report



On 7 October 2019, Capgemini¹ in collaboration with Efma² released the "World InsurTech Report 2019". This Report explores the insurance marketplace of the future and offers insights into how established insurers and InsurTechs can remain competitive in a dynamic business environment.

¹ Capgemini: a global leader in consulting, technology services and digital transformation

² Efma: a global non-profit organisation that provides insights to help banks and insurance companies make the right decisions to foster innovation and drive their transformation

The World InsurTech Report is available [here](#).

Source: Capgemini's website

Swiss Re's studies

Gender equality and insurance

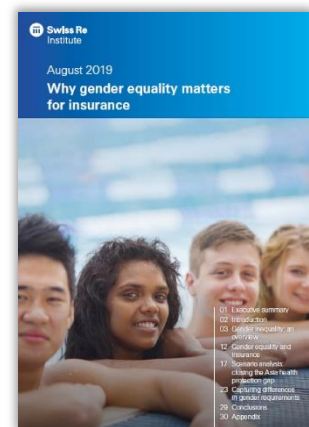
According to one of the latest Swiss Re Institute's "Expertise Publications" report "**Why gender equality matters for insurance**", policymakers worldwide pay more and more attention to gender equality and recognise the benefits of equality to society in terms of poverty alleviation, growth, sustainable development and economic resilience. G7 policymakers have made combating gender inequality an agenda priority ([Declaration on gender equality](#), G7, 10 May 2019).

Swiss Re Institute concludes by stating:

"Closing the labour market gender gap would raise income levels, make societies more resilient and generate opportunities for insurers. Greater female participation in the labour market will raise household income levels, and also likely greater uptake of insurance. As an

example, we estimate that in Asia, this dynamic would reduce the combined size of the region's health protection gap by as much as 11%".

This report is available in English only [here](#).



Insurance comes to the fore in Italy to build macroeconomic resilience

The most recent Swiss Re Institute's "Economic Insights" study on "**Italy: making more use of insurance to build national resilience**" shows that Italy ranks second lowest in a sample of 31 countries in terms of national resilience. Italy is confronted with prolonged economic stagnation, a shrinking population, weak public finances, vulnerability to natural catastrophes and large protection gaps. In this paper, Swiss Re examines how the insurance industry, together with the state, could do more to build national resilience.

This two-pager is available in English only [here](#).

Source: Swiss Re's website



The European Commission's infringement decisions taken on 10 October 2019 against Member States

INFRINGEMENT PROCEDURES

As the Guardian of the Treaties, the European Commission is responsible for ensuring that Community law is correctly applied and may initiate infringement proceedings under Article 258 of the Treaty on the Functioning of the European Union (TFEU) whenever it considers that a Member State has breached Community law.

1st stage

- The Commission sends the Member State a **letter of formal notice** inviting it to submit its observations within 2 months. This exchange of views is not normally publicised.

2nd stage

- If no reply to the letter of formal notice is received, or if the observations presented by the Member State are not considered satisfactory, the Commission sends a **reasoned opinion**. The Member State is allowed an additional 2-month period within which to comply. At this stage the Commission issues a press release informing the EU's citizens of the purpose of the procedure.

3^d stage

- If the Member State still fails to comply with Community law, the Commission may decide to refer the matter to the **European Court of Justice**, whose judgment is binding.

4th stage

- If the Member State fails to comply with the Court's judgment, the Commission may seek the imposition of a **penalty payment under Article 260 of the TFEU**.

FINANCIAL SERVICES

Directive on Insurance Distribution (IDD)

Additional reasoned opinion to Spain

After a first reasoned opinion sent on 8 March 2019 to Spain, the Commission decided to send an additional reasoned opinion to this Member State for failing to apply all provisions of the IDD. Spain is in particular required to put in place provisions implementing both the new obligations of information to be provided to consumers before they sign insurance contracts, as well as the new consumer protection standards for the sale of investment products with insurance elements. Overall, the IDD aims at improving the way insurance products are sold in the EU. The new rules apply to all sellers of insurance products, including sales through websites or as an add-on to goods or services. They ensure greater transparency in price and costs of insurance products, and higher standards of protection to ensure that consumers are offered products that meet their needs.

Letter of formal notice to Romania

The Commission sent a letter of formal notice to Romania urging it to adjust its national rules that set restrictive conditions to insurance distributors from abroad who want to sell insurance products to Romanians. Under Romanian rules, foreign insurance distributors must always collaborate with a Romanian distributor and can only sell products on a one-off basis and at the specific request of a Romanian customer. These conditions prevent insurance distributors from making effective use of their basic freedom to provide services within the internal market.

Directive on institutions for occupational retirement provision (IORPs)

Reasoned opinion to 8 countries

Cyprus, Greece, Luxembourg, Portugal, Romania, Slovenia, Spain and Sweden were sent reasoned opinions for not complying with their obligation to transpose the EU rules on IORPs. The IORP Directive provides for a comprehensive regulatory framework regarding the activities and supervision of institutions for occupational retirement provision. Member States had to implement this Directive into national legislation by 13 January 2019. However, the above-mentioned countries have not yet communicated the required national measures to the Commission.

Payment Services Directive

Reasoned opinion to Spain

Spain was sent a reasoned opinion for not complying with its obligation to apply all provisions of the second Payment Services Directive. The Directive modernises the legislative framework for payments in the EU, for instance by introducing strict security requirements for electronic payments and for the protection of consumers' financial data as well as opening the EU payment market to companies offering new payment services. Furthermore, the Directive prohibits surcharging - additional charges for payments with consumer credit or debit cards, both in shops or online. The European Commission sent a letter of formal notice to Spain in March 2018. To date, Spain has not fully transposed this Directive into national law, although Member States agreed to do so by 13 January 2018. As a result, the Commission is issuing a reasoned opinion to Spain, requesting it to bring its legislation in line with EU law.

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- If the Member State fails to comply with the Court's judgment, the Commission may seek the imposition of a **penalty payment under Article 260 of the TFEU**.

The European Commission's infringement decisions taken on 10 October 2019 against Member States (*continued*)

ENVIRONMENT**Environmental Liability Directive (ELD)*****Reasoned opinion to Denmark***

The Commission issued a reasoned opinion to Denmark for failing to implement the ELD correctly into its national law. This Directive establishes a legal framework for environmental liability based on the "polluter pays" principle, with the aim of preventing and remedying environmental damage to, among others, water, protected species and natural habitats, and to soil. Under the Directive, natural or legal persons, including environmental NGOs, adversely affected or likely to be adversely affected by environmental damage have the right to ask the competent authority to take remedial action. Denmark limits the definition on which protected species and natural habitats can be affected by environmental damage under the ELD and this means that not all protected species and natural habitats are in the scope of the Danish legislation. Moreover, the system in place in Denmark does not ensure that the polluter is required to take immediate remedial action when an environmental damage occurs.

Source: European Commission's website, 10-10-2019
