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## CMU: Political agreement on new rules to improve access to capital markets for SMEs

On 6 March 2019, the European Parliament and Member States reached a political agreement on new rules that will further help SMEs (Small and Medium-sized Enterprises) to have access to diversified sources of financing at each stage of their development. In particular, the revised rules will make it cheaper and simpler for SMEs to access public markets through the so-called "SME Growth Markets", a new category of multilateral trading facilities created by the Markets in Financial Instruments Directive (MiFID II) as of January 2018 to facilitate access to capital for SMEs. It is part of a broader set of measures announced in 2017 in the context of the Capital Markets Union (CMU) Mid-Term Review, and aimed at making it easier for high-growth SMEs to access public capital markets. The initiative includes two texts, i.e. a proposal for a Regulation amending the Market Abuse Regulation and the Prospectus Regulation, as well as a delegated Regulation bringing technical adjustments to MiFID II, adopted by the Commission in December 2018.

Further technical work will follow this political agreement so that the Parliament and the Council can formally adopt the final texts.

Source: European Commission's press release, 06-03-2019

## Agreement on the cross-border mobility of companies

On 13 March 2019, the European Parliament and Member States reached a provisional agreement on new rules to make it easier for companies to merge, divide or move within the Single Market. Companies will be able to be more competitive and to easily expand across the EU. At the same time, the new rules will allow national authorities to stop a cross-border operation in cases of abusive or fraudulent purposes, leading or aiming to lead to the evasion or circumvention of national or EU law, or for criminal purposes.

Employees, especially as regards their information, consultation and participation rights, as well as minority shareholders and creditors will benefit from strong safeguards to protect their rights during cross-border operations. This will substantially improve the protection of these stakeholders, in comparison to the current situation with fragmented rules and a lack of legal certainty.



The provisional agreement now has to be formally approved by the European Parliament and the Council of the EU.

Source: European Commission's press release, 13-03-2019



## Study shows that insurtechs still unknown to the French

According to a study conducted by Mazars (global audit, accounting and consulting group) and OpinionWay (French political polling and marketing research company), published in February 2019 and entitled "[Les Français et l'assurance de demain](#)" (*The French and tomorrow's insurance*), only 12% of the respondents have heard of insurtechs and other fintechs, and of these 12%, only 4% are able to define this term. 21% of respondents under 35 years say they know insurtechs. Less than a quarter of the respondents say they are



ready to take out an insurance contract with new players, such as insurtechs. On the other hand, 72% and 83% of the people surveyed say they are prepared to use mutuals or insurance companies respectively for their contracts.

Source: Argus de l'assurance, article of 26-02-2019

## Danish Insurance Company goes bankrupt: EIOPA ensures equal treatment of policyholders

In December last year, the Danish insurance company Qudos Insurance A/S was declared bankrupt by the Maritime and Commercial High Court, upon request of the Danish Financial Supervisory Authority (Finanstilsynet). Qudos was authorised to write business in Denmark, France, Germany, Greece, Ireland, Italy, Malta, Norway, Sweden and the UK, on a freedom to provide services basis.

EIOPA cooperated closely with the Finanstilsynet in order to ensure equal treatment of European policyholders. According to bankruptcy procedure under the existing regulatory framework, policyholders no longer could report their claims to Qudos, but to the Danish Guarantee Fund for non-life insurance undertakings, provided that the claims were covered by the Guarantee Fund.

The Finanstilsynet encouraged the policyholders to cancel their policy with Qudos immediately and in any case, the policy is automatically cancelled 3 months after the bankruptcy has been published. Unless the

policyholder is covered by the Danish Guarantee Fund, it might take several years to receive compensation and then probably only partially in the form of a dividend from the bankruptcy estate.

*More information on the [Danish Guarantee Fund website](#)*

Source: EIOPA website, News, 20-12-2018

## European Commission's Recommendation for the creation of an EU eHealth Network

As a follow-up to its [Communication](#) on enabling the digital transformation of health and care in the Digital Single Market, adopted in April 2018, the European Commission presented on 6 February 2019 a [Recommendation](#) "on a European Electronic Health Record exchange format", i.e. the creation of a secure system that will enable citizens to access their electronic health files across Member States. This system could, amongst others, enable doctors to provide the most effective and timely treatment to EU citizens in case of accident while travelling in another EU Member State, increase the quality and ensure continuity of care for citizens as they move around the EU.

Member States have already started to make some parts of electronic health records accessible and exchangeable across borders. Since 21 January 2019, Finnish citizens can buy medicines using their ePrescriptions in Estonia, and Luxembourg doctors will soon be able to access the patient summaries of Czech patients.

A Joint Coordination Process between the Commission and the Member States will be set up, allowing for contributions and input from stakeholders (industry representatives, health professionals and patients representatives) at both EU and national level. The Joint Coordination Process will ensure that all the relevant parties are involved in the process of developing the European Electronic Health Records (EHR) exchange format. The Member States, within the eHealth Network, will establish practical guidelines for the implementation and monitoring of its progress.





The Recommendation underlines that moving towards interoperable EHR in the EU should go hand in hand with ensuring data protection and security, in line with the General Data Protection Regulation (GDPR), and in full compliance with the cybersecurity framework.

Source: European Commission's press release, 06-02-2019

### European Motor Insurance Markets

Insurance Europe, the European insurance and reinsurance federation, published its statistical report entitled "[European Motor Insurance Markets](#)" on 8 February 2019, which explores the trends and developments in Europe's national motor insurance markets.



Source: Insurance Europe website, February 2019

### Swiss Re's latest reports

#### Personal cyber insurance

On 22 January 2019, Swiss Re published a White Paper entitled "[Personal cyber insurance: Protecting our digital lives](#)". Rapid advances in technology come with huge advantages but also significant risks. This Paper examines the increasing role for insurers to play in protecting customers against cyber threats and how personal cyber insurance can help mitigate risks. Although not yet widely available, personal cyber insurance is expected to become a fast-growing market segment in the near future due to the rapidly increasing exposures consumers face today.



#### Digital ecosystems

In its report "[Digital ecosystems: extending the boundaries of value creation in insurance](#)" which it released on 8 January 2019, Swiss Re focuses on one of the revolutions of digitalisation: digital ecosystems that are "an interdependent group of enterprises, people and/or things that share standardized digital platforms

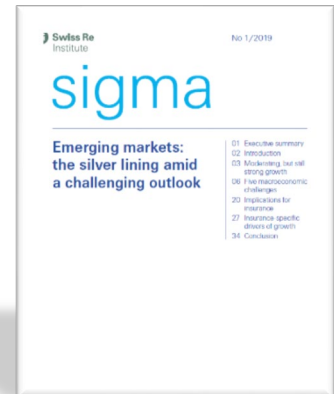
for a mutually beneficial purpose, such as commercial gain, innovation or common interest". Swiss Re believes that there are numerous opportunities for insurance in the rapidly expanding world of digital ecosystems, with new protection gaps to insure given the proliferation of new technologies across industries.

#### Global pension gap

Swiss Re Institute's latest Economic Insights two pager entitled "[Global pensions system in crisis: how insurance can help](#)" and published on 10 January 2019 shows that the global pension gap is expected to increase by 5% annually to reach \$400 trillion by 2050. According to Swiss Re, "Life insurers can develop customised pension risk transfer solutions for underfunded defined-benefit plans".

#### Emerging markets to drive insurance market growth over next decade

According to Swiss Re Institute's latest Sigma report entitled "[Emerging markets: the silver lining amid a challenging outlook](#)", which was released on 6 March 2019, emerging markets will remain the growth engine for the global economy and insurance industry over the next decade. The report examines the factors that will drive insurance premium volume growth in emerging markets over the next 10 years. In this period, emerging market premiums are forecast to more than double, outpacing growth in advanced markets by four times.



*The Sigma report is also available in [French](#), [German](#), [Spanish](#)*

Source: Swiss Re's website



## The European Commission's infringement decisions taken in March 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.

#### 1<sup>st</sup> 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.

#### 2<sup>nd</sup> 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<sup>d</sup> 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.

#### 4<sup>th</sup> 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**.

### CYBERSECURITY RULES - NIS Directive

#### Reasoned opinion to Belgium and Luxembourg

The Commission sent a reasoned opinion to Belgium and Luxembourg for failing to transpose the **Directive on Security of Network and Information Systems** into their national legislation by 9 May 2018, the first EU-wide legislation on cybersecurity rules. The objective of the Directive is to achieve a higher level of security of network and information systems across the EU through the development of national cybersecurity capabilities. It also aims at increasing EU-level cooperation as well as introducing security and incident reporting obligations for operators of essential services and digital service providers.

### FINANCIAL SERVICES - Payment Services Directive and SEPA Regulation

#### Reasoned opinion to Romania

The Commission issued a reasoned opinion to Romania for failing to transpose the second **Payment Services Directive** into national law, although Member States agreed to do so by 13 January 2018. This 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 payment services. Furthermore, the Directive prohibits surcharging - additional charges for payments with consumer credit or debit cards, both in shops or online.

#### Letter of formal notice to Greece, Latvia and Poland

The Commission decided to send a letter of formal notice to Greece, Latvia, and Poland regarding the application of the **Single Euro Payment Area (SEPA Regulation) rules**. The Commission requests that the Member States concerned put in place a competent authority capable of addressing infringements of this Regulation by payment services users. The Regulation establishes technical and business requirements for credit transfers and direct debits in euro, underpinning the functioning of the Single Market for the processing of payment transactions in euro.

### INTERNAL MARKET - Professional qualifications

#### Reasoned opinions to 24 Member States and letters of formal notice to 2 Member States

The Commission has taken further steps in infringement procedures against 26 Member States to ensure the full implementation of **EU rules on the recognition of professional qualifications**. It sent reasoned opinions to Austria, Belgium, Bulgaria, Croatia, Cyprus, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom. Moreover, the Commission sent letters of formal notice to Estonia and Latvia regarding the non-compliance of their national legislation and legal practice with EU rules on the recognition of professional qualifications.

### MOBILITY - eCall system

#### Letter of formal notice to Italy

The Commission sent a letter of formal notice to Italy for not having fully deployed the emergency call centres infrastructure necessary to receive and handle the 112 eCalls as required by the 2010 **Directive on the framework for the deployment of Intelligent Transport Systems in the field of road transport and for interfaces with other modes of transport**). The eCall system automatically dials Europe's single emergency number 112 in the event of a serious road accident and communicates the vehicle's location to the emergency services by use of Galileo, Europe's satellite navigation system. It is estimated that eCall will cut response time by up to 40-50%, thereby saving hundreds of lives every year.

Source: European Commission's fact sheet, 07-03-2019