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WAR IN UKRAINE

Insurers respond to war challenges

After finding solutions to the short-term challenges, insurers are now moving to address medium- to longer-term issues

On 24 February 2022, much to our collective dismay, a war broke out on Europe's eastern border, as Russia invaded Ukraine.

For those insurers with offices in Ukraine, the immediate priority was to bring their staff to safety. In addition, many insurers, and especially those in neighbouring countries (Poland, Romania, Hungary and Slovakia), swiftly became active in providing assistance to refugees.

It was all hands on deck, with insurers and the national insurance associations, for example, transforming their offices into schools to help Ukrainian children learn the local language. Many insurers across the EU also decided to make donations to charities and organisations providing humanitarian assistance.

As more and more people fleeing the war reached the western part of Europe, initiatives were taken by insurers all over the EU to help refugees settling in a new country. For instance, insurers have provided temporary health insurance to refugees crossing

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Action on motor insurance

One of the first initiatives taken by several insurers has been to facilitate the provision of motor insurance. This means, for instance, granting frontier insurance (a type of cover that allows people from outside of the EU to drive in EU territory for a period of time, usually for one month) for free or for a symbolic price. Likewise, insurers in several EU member states committed to ensuring that accidents caused by uninsured Ukrainian cars would be paid by the local insurance sector or guarantee fund, without recourse to the driver, for a period of usually one or two months, but in some cases up to six. Insurance Europe's Polish member has also translated Insurance Europe's European Accident Statement into Ukrainian to make it easier for Ukrainian drivers involved in an accident anywhere in the EU to settle an insurance claim.

As these are short-term solutions in nature, the industry is currently looking for more medium-term solutions. One option being considered is the provision of standard motor third-party liability (MTPL) coverage without a need to register the car, in order to limit the costs and burden for Ukrainian drivers. Discussions are ongoing at national and EU levels on how to do this efficiently. Another possibility currently being contemplated in some markets is the delivery of frontier insurance policies for a longer time than the usual period of one month.

Having said this, the preferred option would be for Ukrainian people using their own car in the EU to purchase a Green Card issued by the Motor Insurance Bureau of Ukraine, which has maintained operations.

the border, and many insurers provided free insurance to refugees and to the households supporting them, ranging from a free extension of liability insurance to free-of-charge pet insurance. Another area in which many initiatives were taken is motor insurance (see box above).

Insurance Europe also took swift action in response to the outbreak of the war, most notably by terminating its partnership with the All-Russian Insurance Association, by issuing a statement strongly condemning the actions taken by the Russian government and expressing its absolute solidarity with the Ukrainian people and the country's insurance and brokers associations.

Another important consequence of the war is the need for insurers and other financial services firms to duly implement the sanctions adopted against Russia and Belarus. While this is a task for insurers themselves, Insurance Europe has tried to facilitate the process by passing on questions and challenges arising in the sector to the European Commission and EIOPA for guidance and information, respectively.

Looking to the future

The war has been a shock since it began on 24 February, and at the time of writing, there is unfortunately no end in sight.

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In these extraordinary times, the Ukrainians have shown incredible strength and the insurance sector can also be commended for its resilience and ability to remain operational. Europe's insurers will continue to seek ways to support their colleagues in Ukraine, as well as the citizens of Ukraine who have had to leave their country, taking account of their evolving situation.

There is also a need for all insurers to assess and deal with the possible consequences of the war, notably in relation to the economy (such as lower economic growth than anticipated and high inflation) and to financial markets. Specific attention is also being dedicated to new cyber threats.

Insurance Europe will continue to act as a platform for its members to exchange views and information in these questions and to engage with the European institutions. ■