

Contract law not main obstacle to single EU insurance market *Other factors are greater barriers to cross-border insurance sales*

Brussels, 27 February 2014: Since April 2013, Insurance Europe has been participating in a multi-stakeholder expert group set up by the European Commission to explore whether differences in contract law between EU countries are an obstacle to the cross-border provision of insurance. Insurance Europe welcomed the opportunity to participate in the EC expert group, whose report has been published today by the Directorate-General for Justice.

Insurance Europe is convinced that contract law is only one obstacle to cross-border insurance within the EU, among many more important ones. The expert group rightly acknowledges this and recognises “the significance of such other differences”, which it identifies as:

- “knowing the customer” and understanding the true risk proposed for cover;
- language differences;
- variations in culture, including the expectations of local policyholders;
- the need for local claims-handling;
- the form and prevalence of fraud, particularly in motor insurance;
- tax and labour laws, particularly for private pension products;
- a country’s legal, regulatory and supervisory environment; and,
- cross-border redress options.

These factors have a greater impact on the cross-border provision of insurance than differences in contract law, as they affect the risk to be underwritten by the insurer, the design of the insurance product and the subsequent management of claims and customer support.

Also affecting an insurer’s commercial decision whether to offer services cross-border are the company’s risk appetite, the type of insurance (mass or large risks), the class of insurance (life, non-life or investment-linked) and the target policyholder (individual, SME or large business). Where a decision is taken to enter a new market, insurers tend to overcome differences in contract law.

“Insurance Europe believes the expansion of cross-border insurance within the EU should remain a market-driven evolution, based on real demand,” said Michaela Koller, director general.

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Background

In 2013 the European Commission (Directorate-General for Justice) created an expert group to investigate whether differences in contract law between EU countries act as an obstacle to the cross-border provision of insurance and, if so, to assess in what areas of insurance this is prevalent.

The report of the expert group can be viewed [here](#).

The members of the expert group can be viewed [here](#).

Insurance Europe’s detailed comments can be viewed [here](#) (EICL — responses to discussion papers I-VII).



Notes for editors

1. For further information please contact Janina Clark, head of communications & PR (tel: +32 2 894 30 70, clark@insuranceeurope.eu).
2. Copies of all Insurance Europe press releases are available on the Insurance Europe website (www.insuranceeurope.eu).
3. Insurance Europe is the European insurance and reinsurance federation. Through its 34 member bodies — the national insurance associations — Insurance Europe represents all types of insurance and reinsurance undertakings, eg pan-European companies, monoliners, mutuals and SMEs. Insurance Europe, which is based in Brussels, represents undertakings that account for around 95% of total European premium income. Insurance makes a major contribution to Europe's economic growth and development. European insurers generate premium income of more than €1 100bn, employ almost one million people and invest almost €8 400bn in the economy.