



Thank you for giving the insurance industry the opportunity to participate in today's hearing on proposals for a European services e-card.

In my remarks, which will naturally focus on the insurance provisions of the proposal, I would like to make three main points.

NOT A BARRIER

I wish to begin by disagreeing with the Commission's view that insurance is a barrier to cross-border service provision.

This is important, because this premise has resulted in the inclusion of insurance-related provisions in the services e-card proposal.

However, it is unclear on what evidence the Commission has based this assumption.

In fact, its consultations and workshops have failed to provide concrete examples to support this misconception.

For example, at no point in the Commission workshops that Insurance Europe attended did a stakeholder say that accessing professional indemnity insurance was a concern. The impact assessment accompanying the Commission's proposal also fails to provide concrete proof that insurance is a barrier.

In reality, cross-border insurance is available and offered by insurers on a daily basis across Europe.

Service providers can obtain cover either through a broker or directly through their domestic insurer.

Large insurers tend to follow their clients cross-border, while smaller insurers tend to work through their own networks. These networks allow the policy to be issued locally by a partner insurer.

This brings me to my second point: the insurance provisions in the proposal would not help companies wishing to work across borders.

THESE PROVISIONS WOULD NOT WORK

I will very quickly touch on the three relevant provisions in the proposal.

The **first one** is a requirement for insurers to provide a standardised certificate of professional indemnity insurance.

According to the Commission, the aim of this measure would be to help the host member state authority:

- To verify that the service provider has insurance in the home member state, and;
- To assess whether the cover is also suitable for their market.

However, this would not work.

The significant differences across business sectors, and between member state requirements and individual policies, mean that a harmonised certificate would not be of help to host member states.

Also, given these differences, developing a workable, EU-level harmonised certificate for all business sectors and member states would be almost impossible.

In addition, introducing an EU-level certificate would not take account of certificates that already exist at national level in some member states.

The **second provision** is a requirement for insurers to provide a standardised claims history statement (in Article 11).

It aims to help insurers in a host member state to assess the risk a company poses when working in their market.

However, this would not help service providers obtain cover from a host insurer.

In fact, a track record detailing a service provider's claims in one member state will likely be useless in another.

This is because the risks, liability rules and litigation culture vary widely between countries.



The host insurer will therefore use local factors and circumstances to calculate premiums.

This brings me to the **obligation outlined in Article 12 of the proposal**, for insurers to take account of this track record and to justify its admissibility (or not).

This is particularly concerning, as it would unduly restrict an insurer's freedom to assess risks when underwriting policies, and contravene their obligation under Solvency II to objectively evaluate risks.

EXTREMELY COSTLY

Which brings me to my **third point**: despite delivering no value to companies wishing to work across border or to host member states, these proposals would be extremely costly and difficult for insurers to implement.

IT systems would have to be overhauled to comply with new formats, and processes would then need to be put in place to feed information into those systems.

Ultimately, those costs will be passed on to policyholders via their premiums, despite delivering no benefit to them whatsoever.

There could be another consequence: insurers not willing or able to comply with the costs of implementing this new system might decide to stop offering professional indemnity insurance coverage.

Therefore, not only would the insurance-related provisions not help cross border movement, they could in fact achieve the opposite. They could create the very problem they are trying to address.

CONCLUSION

In conclusion, I wish to reiterate that insurers are willing to contribute to the functioning of the single market.

In fact, they do this every day by offering solutions that help their clients work across borders.



The reason this proposal is so concerning is that:

- Its insurance provisions are a response to a problem that has not been properly identified and that in our opinion does not exist.
 - They would not help our clients wishing to cross borders, or the host member state authorities.
- And
- They would be hugely costly and complicated to implement and comply with.

Thank you for your attention.