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1. Important changes in Complaints Handling Act



On 1 January 2023, amendments to the Complaints Handling Act came into force. **The Act imposes obligations on insurers, including foreign insurers operating in Poland and insurance intermediaries.**

Changes include:

➤ **New fines**

The fines are now ten times higher than before. The Financial Ombudsman can impose penalties of up to **EUR 212,000** for:

- failing to include mandatory information on the right to complain in a contract with a customer;
- failing to reply to a complaint within the statutory time limit.

➤ **New rules for financing the Financial Ombudsman's activities**

A fee towards the Ombudsman's activities is now payable once a year by 31 March. The one-off payment replaces the previous quarterly prepayments. **The new fee is 0.03125% of the annual gross premium written in Poland** (previous annual fee: 0.025%).

2. New rules for settling motor vehicle claims



In November 2022, the Polish supervisory authority ("PFSA") implemented new recommendations on how to settle motor insurance claims. Insurance companies that choose not to follow the recommendations must inform the PFSA and explain how they will otherwise achieve the recommendations' aims ("complain or explain" principle).

The recommendations apply to both Polish and foreign insurers operating in Poland.

The recommendations aim to guarantee equal treatment of insurers' clients: injured parties who choose the cost-based method of loss adjustment (payment in cash based on a valuation) should be treated the same way as those who choose the service-based method (repair in a vehicle repair garage designated by the insurer).

For example, the recommendations prohibit **the insurers from disputing the costs at a vehicle repair garage chosen by the injured party** (if the prices at this garage correspond to local prices). The recommendations also **prohibit reducing the compensation amount by the discounts** available in the service method.

The recommendations have sparked much controversy in the insurance sector. Some argue that they will significantly increase the costs of settling motor vehicle claims and, consequently, insurance premiums. Others point out that recommendations addressing the cost-based method are incompatible with the recent case law of the Polish Supreme Court.

As a result, **as many as 19 insurance companies** (e.g., Generali, Compensa, Wiener Vienna Insurance Group, Warta – a Talanx group insurer) have informed the PFSA that they will not follow some of the recommendations.

3. Update of Cloud Computing Standard



On 3 January 2023, the Polish Insurance Association published an update to the Standard for Implementing Information Processing in Cloud Computing. The Standard aims to harmonize the insurance sector's approach to the PFSA's guidelines on processing information in cloud computing.

The new Standard contains **examples of contractual clauses**. These refer to issues such as who is responsible for data security (the insurer or the cloud provider) and the extent of the cloud provider's liability for damage caused to the insurer's customers.

4. Latest financial results of insurance companies in Poland



According to data published by the PFSA, the total **net financial result** of insurance companies in **Jan-Sep 2022** was **down 28.3%** from Jan-Sep 2021 at:

EUR 812.4 million.

On the one hand, **gross written premiums increased by 3.6%**. It amounted to a total of **EUR 11,180.6 billion**. On the other hand, the amount of compensation paid increased **by 10.9%**. The total gross compensation paid was **EUR 7,120.9 billion**.

Additionally, in Jan-Sep 2022, the Polish Insurance Association noticed the following trends:

- **8% increase** in motor insurance payouts;
- **32% increase** in payouts under property insurance against fire and other natural elements;
- **8% drop** in payouts under protection life insurance policies.

Contact

For more information on these or any other insurance issues, feel free to contact our expert for a conversation:



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