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Updates on Insurance Law in Poland

REPORT OCTOBER 2023

1. Important changes to the Insurance and Reinsurance Business Act

On 1 October 2023, an amendment to the Insurance and Reinsurance Business Act came into force.

Changes include:

➤ **PFSA right to demand data from foreign insurers**

The amendment imposes an obligation on foreign insurers operating in Poland to provide the Polish supervisory authority (PFSA), upon request, with data and information on their operations in Poland, in certain periods of time.

With this authority in hand, the PFSA will be better able to monitor key areas of these insurers' operations in Poland with a view to safeguarding the insured persons' interests.

➤ **Higher fines for domestic and foreign insurers**

The maximum fines imposable on insurers operating in Poland for violations of the Act have increased. Insurers who fail to implement recommendations made by the PFSA by the time set, can be subject to the following fines imposed by the PFSA:

1. on a member of the management board up to PLN 3 million;
2. on the insurer: PLN 20 million or 0.5 per cent of gross written premium for the last financial year (if it exceeds PLN 20 million or PLN 100,000 if the insurer has not carried out operations).

➤ **More entities eligible to be provided with information constituting an insurance secret by the insurers**

The amendment introduces an obligation to provide information constituting an insurance secret, on demand, to:

1. the Border Guard;
2. the Central Anti-Corruption Bureau;
3. insurers / reinsurers / dominant insurance entities to the extent necessary for these entities to perform their supplementary supervision obligations.

2. Important changes to the Compulsory Insurance Act

On 29 September 2023, amendments to the Compulsory Insurance Act came into force. The Act regulates i.a. the duties of insurers who offer compulsory motor insurance products in Poland.

Changes include:

- **No more obligation to notify the PFSA of a change in compulsory insurance premium rates**

With the changes being made very frequently, the legislator decided to abolish the obligation and considered it more efficient to periodically check the adequacy of rates applied in exercise of the right to request information from insurers.

- **New obligation for insurers to notify the injured party when the sum assured is exhausted**

The insurers are now obliged to notify the injured party of the possibility to submit annuity claims to the Insurance Guarantee Fund ("UFG") when the sum assured is exhausted (only some annuitants are vested with this right).

- **A deadline being set to update data held by UFG**

Insurers are obliged to submit to UFG details of compulsory vehicle liability insurance contracts concluded. A 7-day deadline has been set for changes to these details to be reported.

- **Sanctions for a failure to submit data to UFG**

The PFSA is now entitled to impose sanctions on insurers who have failed to timely meet their data reporting obligations towards UFG.

- **A time limit being set for loss adjustment for the benefit of UFG**

Under the applicable legislation, a claimant entitled to compensation from UFG may submit its claim to UFG through any insurer, and the insurer cannot refuse to accept such claim. So far, the Act has not, however, regulated the time limit for such claims to be adjusted, which in practice led to such loss adjustment being delayed.

Now, the insurers must observe the same time limits for the loss adjustment as those applicable to the insurers for their own claims

➤ **New sanctions for domestic and foreign insurers for a failure to timely adjust losses for the benefit of UFG**

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3. Financial figures for the insurance sector in 2022

According to the data from the Polish Insurance Association, Poles received EUR 9.8 billion in payouts from insurers in 2022, which is 7.5 per cent more than the year before.

This included:

- EUR 4.2 billion from life insurance;
- EUR 3.6 billion from motor insurance;
- EUR 2 billion from other types of insurance.

Poles spent EUR 15.9 billion on insurance (gross premiums written), which is 4.5 per cent more than the year before.



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