

# MARKET BULLETIN

REF: Y4715

<b>Title</b>	Croatia: Freedom of services authorisation
<b>Purpose</b>	To inform the market that Lloyd's has obtained freedom of services authorisation in Croatia.
<b>Type</b>	Event
<b>From</b>	Cameron Murray, Senior Manager, International Regulatory Affairs General Counsel Division
<b>Date</b>	12 August 2013
<b>Deadline</b>	With immediate effect.
<b>Related links</b>	<a href="#">Crystal report for Croatia</a>

## Summary

Lloyd's underwriters have received authorisation to write insurance business in Croatia on a freedom of services basis following its accession to the European Union on 1 July 2013.

## Background

Following the granting of freedom of services authorisation in Croatia, Lloyd's underwriters are permitted to underwrite all classes of insurance in Croatia on a cross-border basis with immediate effect. This is with the exception of motor vehicle liability insurance (class 10) and life business. Lloyd's underwriters are also permitted to write all classes of reinsurance from Croatia.

Freedom of services authorisation permits Lloyd's underwriters to underwrite risks located in Croatia via the following routes:

- By a coverholder or service company in Croatia under a prior-submit binding authority agreement.
- By a coverholder or service company in another EEA member state under a full or prior-submit binding authority agreement.
- By a managing agent in the UK on an open market basis.

For further details, please refer to Crystal under Routes into Lloyd's.

### **General good provisions**

The insurance regulator in Croatia (the Croatian Financial Services Supervisory Agency, HANFA) requires insurers carrying on business in its territory on a freedom of services basis to comply with the 'general good' provisions. These provisions have been incorporated into Crystal, but for further information regarding the concept of the 'general good' please refer to Appendix 1.

### **Market development**

Please note that Lloyd's is not required to appoint a General Representative in Croatia in order to retain freedom of services authorisation. Underwriters and Lloyd's brokers wishing to obtain more information about business opportunities or market development in Croatia should contact the International Markets department in London (see below).

### **Motor business**

Although Lloyd's does not have authorisation to write motor third party liability risks from Croatia, there is still a requirement for managing agents to have a 4th Motor Directive claims representative in the territory now that it is an EU member state. Managing agents are reminded that if they write motor third party liability (class 10) risks located in the EEA (including the UK) or Switzerland, they must appoint their own 4th Motor Directive claims representative in Croatia. Such managing agents must notify the UK Information Centre at the UK Motor Insurers' Bureau (MIB) of the names and contact details of the claims representatives that they have appointed. Managing agents are also required to notify each information centre in all other EEA member states and Switzerland of their appointed claims representative in Croatia.

The notification to information centres must be made by managing agents and not their coverholders, service companies or third party claims adjusters. For further details regarding Lloyd's arrangements for 4th Motor Directive claims representatives, please refer to [Market Bulletin Y4640](#) dated 30 November 2012.

### **FIL codes**

The EU definition of the "Member State where a risk is situated", should be used to determine whether a risk is situated in Croatia. This definition is set out in Article 2(d) of EU Directive 88/357/EEC (Second Non-Life Insurance Directive). The definition of a risk located in Croatia is also available on Crystal under Pre-placement considerations.

The following FIL codes will apply to Croatian business.

Direct insurance	
Placing Route	FIL Code
Croatian risk <b>not</b> placed under a full binding authority held by a coverholder in Croatia. (Services)	HRA1

Reinsurance		
Facultative	Non-proportional Treaty	Proportional Treaty
HRA2	HRA3	HRA4

With immediate effect, the above FIL codes will be applied to new premium transactions; AP/RP's and new claims. These FIL codes will also be applied to a direct global policy where there is a Croatian component.

**LPANs**

Lloyd's [Market Bulletin Y4634](#) dated 14 November 2012 sets out the Lloyd's Premium Advice Notice (LPAN) requirements for both direct global contracts and reinsurance global contracts. Croatia should now be included under Appendix B "LPAN requirements for direct global contracts" to Market Bulletin Y4634, i.e. a separate LPAN is required for Croatia where a direct global contract includes risks located in Croatia.

**Taxation**

As at August 2013 there are no Croatian taxes applicable to premiums received in relation to Croatian risks written by Lloyd's underwriters. Please refer to the Taxation section of Crystal.

**Further information**

If you require information regarding the regulatory requirements for underwriting or placing Croatian business, please contact:

Lloyd's International Trading Advice  
 Lloyd's Desk, Ground Floor, Underwriting Room  
 Telephone: + 44 (0) 20 7327 6677  
 Email: [LITA@Lloyds.com](mailto:LITA@Lloyds.com)  
[www.lloyds.com/crystal](http://www.lloyds.com/crystal)

If you require information regarding business opportunities in Croatia, please contact:

Benno Reischel  
Head of Europe  
Tel: + 44 (0)20 7327 5327  
Email: [benno.reischel@lloyds.com](mailto:benno.reischel@lloyds.com)

or Ed Pennock  
Senior Manager, International Markets  
Tel: +44 (0)20 7327 6809  
E-mail: [edward.pennock@lloyds.com](mailto:edward.pennock@lloyds.com)

## APPENDIX 1

### General good provisions

Whilst the financial supervision of an insurance undertaking in the EU is carried out by its home state regulator, there are certain aspects of insurance supervision that remain exclusively subject to supervision by the host state regulator. Article 28 of EU Directive 92/49/EEC (Third Non-Life Directive) states:

“The Member State in which a risk is situated shall not prevent a policyholder from concluding a contract with an insurance undertaking...as long as that does not conflict with legal provisions protecting the general good in the Member State in which the risk is situated.”

Therefore, the insurance regulator of a Member State in which a risk is situated requires an insurer to comply with its ‘general good’ provisions. Such provisions may include those concerning marketing and selling and contract law in respect of mass (i.e. principally personal lines) risks.

The EU Non-Life Directives do not define the concept of “general good”. However a European Commission Interpretative Communication issued in 2000 provided some clarification on this point. The [Interpretative Communication](#) stated:

- “For such a measure to be justified as being in the general good, it:
- must not have been harmonised at Community level;
  - must be non-discriminatory;
  - must be justified by imperative requirements in the general interest;
  - must be objectively necessary;
  - must not duplicate rules of the country of origin;
  - must be proportionate to the objective pursued.”

Premium taxes and other fiscal charges are also subject to the rules of the country where the risk is located.

A link to the general good provisions for Croatia can be found on Crystal under Reference/Insurance law and regulation.

The provisions have been incorporated into the Croatia section of Crystal.