

# Country-by-country analysis - Hungary

Annex IX to the Report on the application of the  
Insurance Distribution Directive (IDD)

Consumer Protection Department  
EIOPA REGULAR USE  
EIOPA-BoS-21/584  
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**eioipa**

European Insurance and  
Occupational Pensions Authority

**Note:**

**Powers of national competent authorities (NCAs):**

In January 2021, EIOPA launched an online survey addressed to NCAs to gather input as to whether they are sufficiently empowered to carry out their tasks. The following information is based on the response from the Magyar Nemzeti Bank to this survey.

The figures should be interpreted with some caution as insurance markets – including the number and type of insurance intermediaries operating therein – vary significantly across Members States, as well as the supervisory structure and framework. **There are, therefore, limits to the level of comparability of data.**

**Changes in the EU insurance distribution market:**

In February 2021, EIOPA launched a survey addressed to NCAs to gather information on the insurance intermediaries' market structure and patterns of cross-border activities. The following information is based on the response from the Magyar Nemzeti Bank to this survey.

The figures should be interpreted with some caution as there are differences as to how intermediaries are registered in their home Member State, in the national categories of insurance intermediaries and in the approaches by NCAs to collect data.

## HUNGARY

### Information on the insurance intermediaries' market structure and patterns of cross-border activity

General data of the national market (2020):

	Amounts	Share total EEA
Population (in 1000) <sup>1</sup>	9,769	2.2%
(Re)insurance GWP (in million) <sup>2</sup>	3,309.35	0.2%
Number of (re)insurance undertakings <sup>3</sup>	22	0.9%
Number of registered insurance intermediaries	48,198	5.4%

National competent authority:

Magyar Nemzeti Bank

Registered insurance intermediaries split by natural and legal persons:

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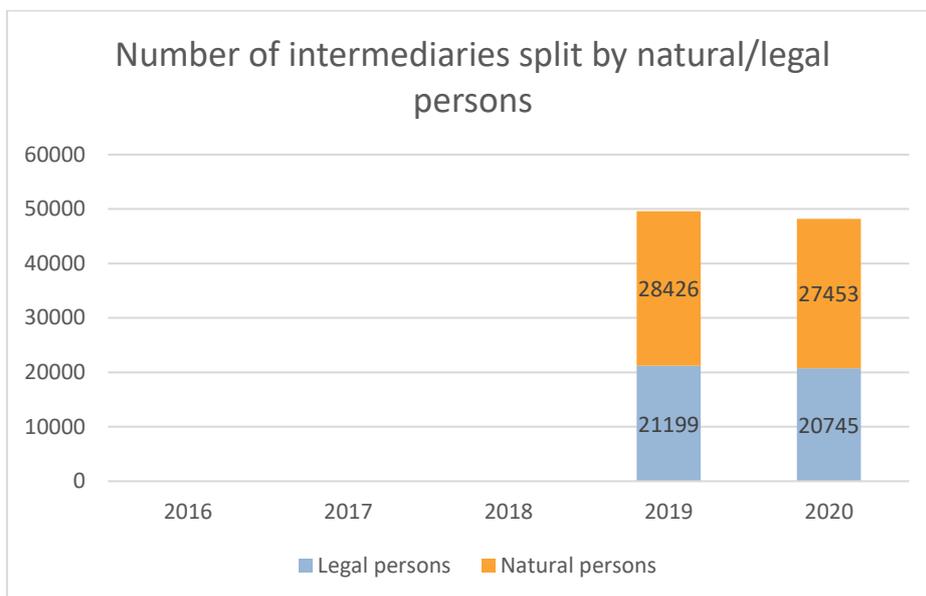
<sup>1</sup> Based on eurostat data:

<https://ec.europa.eu/eurostat/documents/2995521/11081093/3-10072020-AP-EN.pdf/d2f799bf-4412-05cc-a357-7b49b93615f1>

<sup>2</sup> (Re)insurance GWP includes life and non-life premiums generated by domestically registered undertakings year-end 2020 based on annually reported SII information:

[https://www.eiopa.europa.eu/tools-and-data/insurance-statistics\\_en#Premiums,claimsandexpenses](https://www.eiopa.europa.eu/tools-and-data/insurance-statistics_en#Premiums,claimsandexpenses)

<sup>3</sup> Number of (re)insurance undertakings includes the domestically registered undertakings. Based on SII information (see link above)



Comments provided by the NCA on the figures included in the chart above:

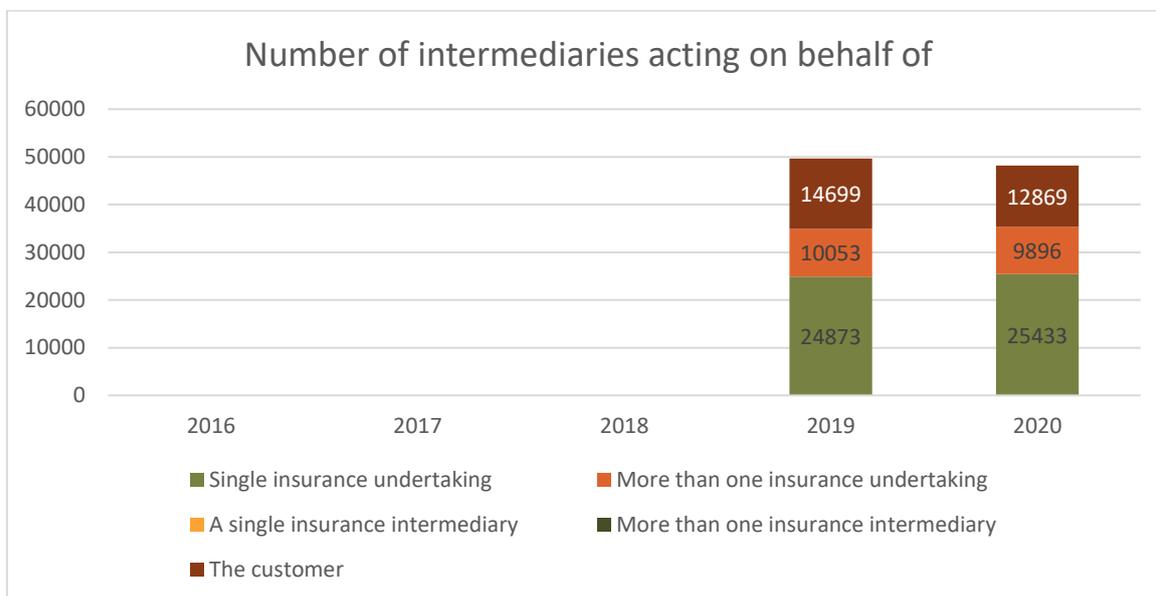
The natural persons are mostly employed with agency contracts, that is the reason of the high number of legal persons.

Online registration system:

In Hungary, the NBH has an online registration system called ERA (Electronic System For Receiving Authenticated Data). The system allows the intermediaries to registrate and communicate with the NBH. The information on the number of registered insurance and reinsurance intermediaries is updated immediately, but at least 2 working days after the change has happened.

In 2017 the NBH has made a data cleaning, which resulted that the inactive intermediaries were removed from the registry.

Registered insurance intermediaries split by categories based on the activities of insurance intermediaries:



Comments provided by the NCA on the figures included in the chart above:

The 4th activity (more than one insurance intermediary) is banned in our country, an insurance intermediary can not have more mandators.

Registered insurance intermediaries split by categories based on the way in which they are paid:

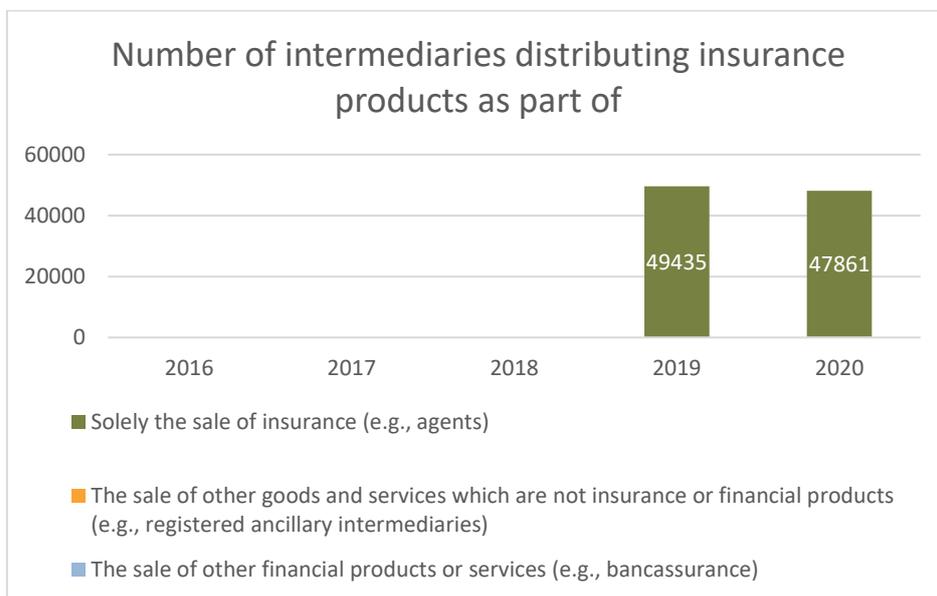
Number of intermediaries paid in relation to the insurance contract	No intermediary is remunerated this way	Up to 25% of the intermediaries in the market are remunerated this way	25%-50% of the intermediaries in the market are remunerated this way	50%-75% of the intermediaries in the market are remunerated this way	More than 75% of the intermediaries in the market are remunerated this way
<b>1. on the basis of a fee</b>					
<b>2. on the basis of a commission</b>					48,198

<b>3. on the basis of any other type of remuneration</b>					
<b>4. on the basis of a combination of any type of remuneration set out at points 1, 2 and 3</b>					
<b>5.Total number of registered intermediaries (5=1+2+3+4)</b>	0.00	0.00	0.00	0.00	48,198

In the case of business insurance, the intermediaries might be directly motivated by the customer, but it is not typical.

Registered insurance intermediaries split by categories based on the basis in which they sell insurance products:

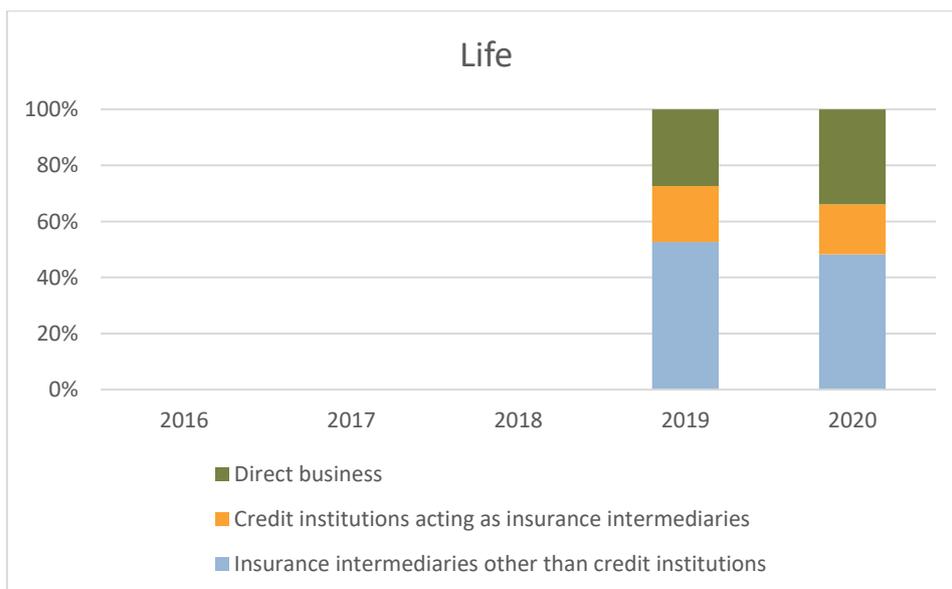
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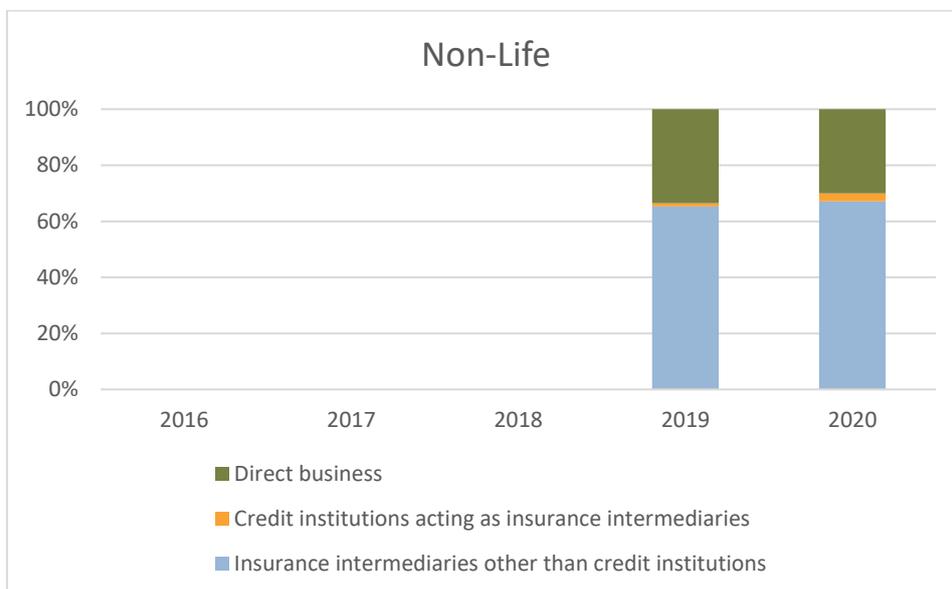


Comments provided by the NCA on the figures included in the chart above:

We have no data on the 1. (the sale of other financial products or services (e.g., bancassurance)), the sale is always made through a licensed intermediary.

GWP split by distribution channels:





Comments provided by the NCA on the figures included in the chart above:

Source: regular supervisory data provision

Proportion of online intermediation/sales (e.g. directly via websites, mobile applications, e-mails) in terms of the total volume of gross written premiums:

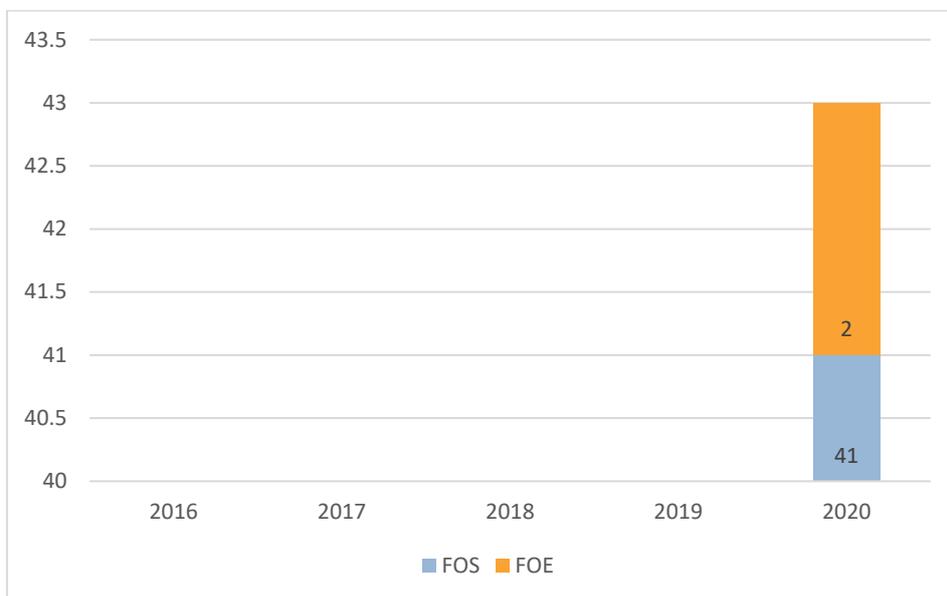
Although there has been a decline in the sales of travel insurance, this is still the only product group that is sold mainly electronically (79,8%). The coronavirus-related restrictive measures have also made an impact on the proportion of electronic sales. The non-life product categories show an increase in the share of electronic mediation (e.g.: Motor Third-Party Liability insurance: 36,3%). However, there has been still no breakthrough in the electronic sales of life and business insurance (we have no accurate data).

Comments provided by the NCA on the data above:

We consider the intermediation online, when the customer can get from the first step to the conclusion of the contract, without any personal involvement.

Number of domestic insurance intermediaries with a passport to carry out insurance mediation activities under freedom to provide services (FOS) or under freedom of establishment (FOE)

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Comments provided by the NCA on the figures included in the chart above:

The two domestic insurance intermediaries with passport to operate in another MS under FOE have also passport to operate in another MS under FOS.

Number of insurance intermediaries with a passport to carry out insurance mediation activities under FOS or under FOE at the reference date 31.12.2020 split by host Member State:

<i>Host Member State</i>	<i>1. FOS</i>	<i>2. FOE</i>	<i>3. TOTAL</i>
<i>Austria</i>	22	0	22
<i>Belgium</i>	13	0	13
<i>Bulgaria</i>	11	0	11
<i>Cyprus</i>	10	0	10
<i>Croatia</i>	6	0	6
<i>Czech Republic</i>	16	1	17
<i>Denmark</i>	11	0	11

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<i>Estonia</i>	10	0	10
<i>Finland</i>	11	0	11
<i>France</i>	11	0	11
<i>Germany</i>	18	0	18
<i>Greece</i>	12	0	12
<i>Hungary</i>	0	0	0
<i>Iceland</i>	0	0	0
<i>Ireland</i>	13	0	13
<i>Italy</i>	12	0	12
<i>Latvia</i>	10	0	10
<i>Liechtenstein</i>	0	0	0
<i>Lithuania</i>	10	0	10
<i>Luxembourg</i>	10	0	10
<i>Malta</i>	9	0	9
<i>Netherlands</i>	12	0	12
<i>Norway</i>	3	0	3
<i>Poland</i>	19	1	20
<i>Portugal</i>	10	0	10
<i>Romania</i>	21	0	21
<i>Slovakia</i>	23	0	23
<i>Slovenia</i>	14	0	14
<i>Spain</i>	10	0	10
<i>Sweden</i>	10	0	10
<i>Total EEA</i>	337	2	339

Comments provided by the NCA on the figures included in the table above:

From 1 January 2021 insurance intermediaries shall report data on a semi-annual basis whether they are operated in cross-border activity in the given period (half-year).

For insurance intermediaries that answered yes to the form, MNB collect additional information (semi-annually) on commission income from cross-border insurance intermediation.

These insurance intermediaries shall report data by countries and by insurance undertakings on the gross amount of income for that half-year period, the gross amount of extra commission income, the amount of paid for the mandatory insurance intermediaries, the amount of unpaid commission and the amount of cancellation items.

## Information on the powers of the NCA

### Statutory powers to implement the IDD:

The Magyar Nemzeti Bank (Central Bank of Hungary, “MNB”) as the integrated financial authority in Hungary is empowered to complete the following tasks, based on the IDD. The relevant sectoral provisions listed below can be found at

“<https://www.mnb.hu/en/supervision/regulation/legislation>” in English. The Act CL of 2016 on the Code of General Public Administration Procedure (“Ákr.”) is available in English at “[http://njt.hu/translated/doc/J2016T0150P\\_20200722\\_FIN.pdf](http://njt.hu/translated/doc/J2016T0150P_20200722_FIN.pdf)”.

- General empowerment for the MNB to do all supervisory activities, including market monitoring, including the market for ancillary insurance products which are marketed, distributed or sold in, or from Hungary; designation of Competent Authority (Art. 1(5) and 12 of the IDD):

Art. 4(9), 39(1)i) and 45 of the Act CXXXIX of 2013 on the National Bank of Hungary (“MNBtv.”);

Art. 1(1)f) of the Act LXXXVIII of 2014 on the Business of Insurance (“Bit.”).

- Registration of (re)insurance intermediaries and ancillary insurance intermediaries (Art. 3 of the IDD):

Art. 42 h) and j), 43(1)-(2)a), 44(2), 46(2)14, 48(2), 49(4)-(5), 57(1)a), b), 57(1a), 58(2), 59(4), 63(3), 142(2)a) and 163(1) of the MNBtv.;

Art. 48/A, 370, 385(2)-(3), 391(2)-(3), 407, 410(3), 412, 422(6), 427/B(2), 431(1)o), 433(1)a), b), d) and 435(1)a), c) of the Bit.;

Art. 50(4) of the Ákr.

- Notification procedure (Art. 4 and 6 of the IDD):

Art. 422 and 423 of the Bit.;

Art. 46(2)14 and 18, 49/C(2) and 57/B of the MNBtv.;

Art. 85(1) and 114(1) of the Ákr.

- Breach of obligations when exercising the freedom to provide services and the freedom of establishment (Art. 5 and 8 of the IDD):

Art. 426(1)-(4) and (6), 427/B(1)-(3), 427/C(3) and 431(1)m) of the Bit.;

Art. 46(2)14 and 49/C of the MNBtv.;

Art. 85(1) of the Ákr.

- Division of competence between home and host Member States (Art. 7 of the IDD):

426(6), 427(4), 427/C(1)-(3) of the Bit.

- Powers in relation to national provisions adopted in the interest of the general good (Art. 9 of the IDD):

Art. 427/A(1) and (2), 431(1)m) of the Bit.

- Publication of general good rules (Art. 11 of the IDD):

Art. 43(2)t) and 43(2b) of the MNBtv.

- Cooperation and exchange of information between the competent authorities of Member States (Art. 13(1)-(3) of the IDD):

Art. 41, 42 h) and j), 43(4), 44(2), 57, 142 and 163 of the MNBtv.

- Complaints (Art. 14 of the IDD):

Art. 159 and 382 of the Bit.;

Art. 81(1) of the MNBtv.

- Out-of-court redress (Art. 15 of the IDD):

Art. 4(10) and Chapter VIII of the MNBtv.

- Breaches, (administrative) sanctions and other measures, including their publication and reporting (Art. 31, 32, 33, 35 and 36 of the IDD):

Art. 1, 291(1), 323(1)h), 431(1) and (1a) of the Bit.;

Art. 1(2), 4(9), 39(1)i), 46(1) and (2)18, 53, 57(1)-(2), 76(16), 140(4)ci), 164/A, Chapters VI-VII – as regards of international cooperation see esp. Art. 41, 42 h) and j), 44(1)-(2), 57, 142 and 163 of the MNBtv.;

Art. 112, 113(1) and 114 of the Ákr.

The full compliance table regarding the implementation of the IDD into Hungarian regulation has been submitted to the European Commission.

Most common supervisory tools to monitor the IDD implementation (1=least common; 5=most common)

Tools	Insurance undertakings	Insurance intermediaries
Market monitoring	3	2
Data-driven market monitoring, beyond complaints data analysis	3	2
Thematic reviews	4	4
Mystery shopping	1	n/a

On-site inspections	5	5
Off-site monitoring	5	3
Consumer focus groups	1	n/a
Product oversight activities	2	n/a
Consumer research	n/a	n/a
Investigations stemming out of complaints	3	1
Other <i>a priori</i> supervisory activities (e.g., fit&proper assessments)	5	5

Comment by NCA on supervisory tools referred to in the table above:

The national authority is the Central Bank of Hungary (MNB). MNB is empowered to use all the tools above.

Supervisory tools adopted before and following IDD implementation:

Cells marked in **blue** means "yes" and cells marked in **grey** means "no".

Tools adopted	Adopted before IDD implementation	Adopted following IDD implementation	Is planning to adopt this or next year	Would like to adopt but is not empowered to adopt
Market monitoring				
Data-driven market monitoring, beyond complaints data analysis				
Thematic reviews				

Mystery shopping				
On-site inspections				
Off-site monitoring				
Product oversight activities				
Consumer focus groups				
Consumer research				
Investigations stemming out of complaints				
Other <i>a priori</i> supervisory activities (e.g., fit & proper assessments) – indicate below				

Comment by NCA on supervisory tools referred to in the table above:

The used supervisory tools were available and used before the IDD as well, so the usage of our supervisory tools are not the consequence of the IDD or they are not adopted following of the implementation of IDD. That is the reason why we have not filled the table in section f).

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