

Country-by-country analysis HUNGARY

Annex VII to the 2nd Report on the application
of the Insurance Distribution Directive (IDD)

Consumer Protection Department
EIOPA REGULAR USE
EIOPA-BoS-23-480
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eioipa

European Insurance and
Occupational Pensions Authority

Note:

Powers of national competent authorities (NCAs):

In February 2023, 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 responses from 30 NCAs¹ to this survey.

Changes in the EU insurance distribution market:

In February 2023, 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 responses from 30 NCAs² 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.

¹ AT (BMAW and FMA), BE, BG, CY, CZ, DK, EE, ES, FI, FR, GR (UHC and BOG), HR, HU, IE, IT, LI, LT, LU, LV, MT, NL, NO, PL, PT, RO, SE, SI, SK

² AT (BMAW and FMA), BE, BG, CY, CZ, DK, EE, ES, FI, FR, GR (UHC and BOG), HR, HU, IE, IT, LI, LT, LU, LV, MT, NL, NO, PL, PT, RO, SE, SI, SK

HUNGARY

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

General data of the national market (2022):

	Amounts	Share total EEA
Population (in 1000) ³	9,689	2.1%
(Re)insurance GWP (in million) ⁴	3,562.353	0.3%
Number of (re)insurance undertakings ⁵	22	1.3%
Number of registered insurance intermediaries	45376	5.2%

National competent authority:

Magyar Nemzeti Bank

³ Based on eurostat data for 1 January 2022:

<https://ec.europa.eu/eurostat/databrowser/view/tps00001/default/table?lang=en>

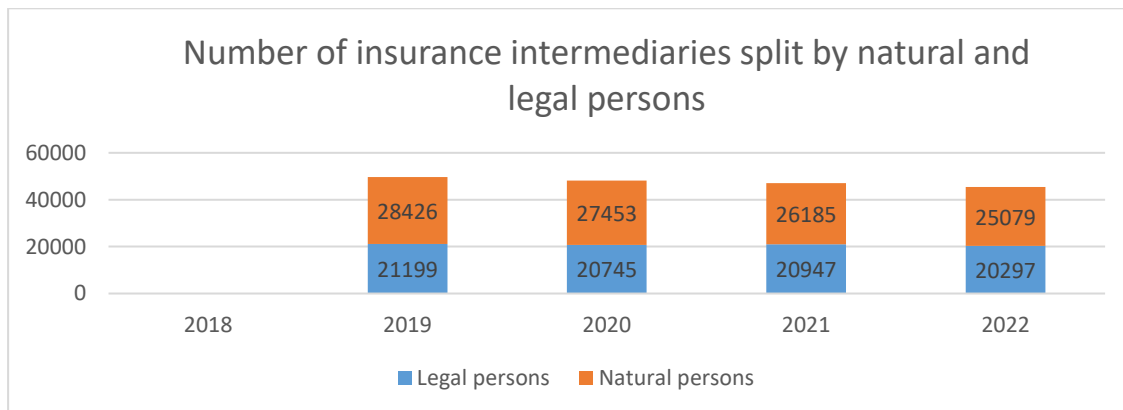
⁴ "(Re)insurance GWP includes life and non-life premiums generated by domestically registered undertakings year-end 2022 based on annually reported SII information:

https://www.eiopa.europa.eu/publications/european-insurance-overview-report-2023_en

⁵ Number of (re)insurance undertakings (year-end 2022) includes the domestically registered undertakings. Based on SII information:

https://register.eiopa.europa.eu/layouts/15/download.aspx?SourceUrl=https://register.eiopa.europa.eu/Publications/Insurance%20Statistics/SQ_Premiums_Claims_Expenses.xlsx

Registered insurance intermediaries split by natural and legal persons:



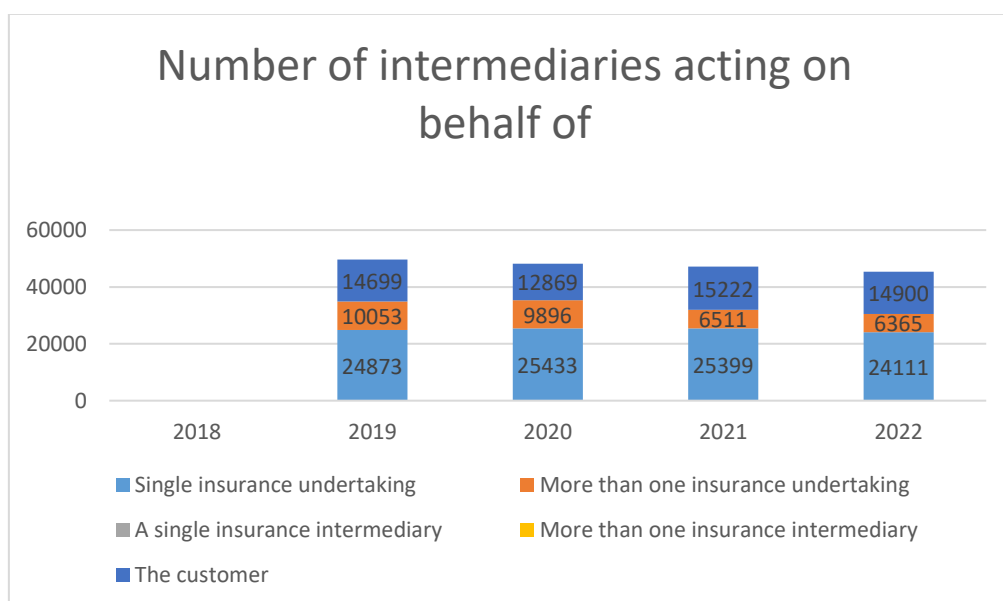
Comments provided by the NCA on the figures included in the chart above:

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

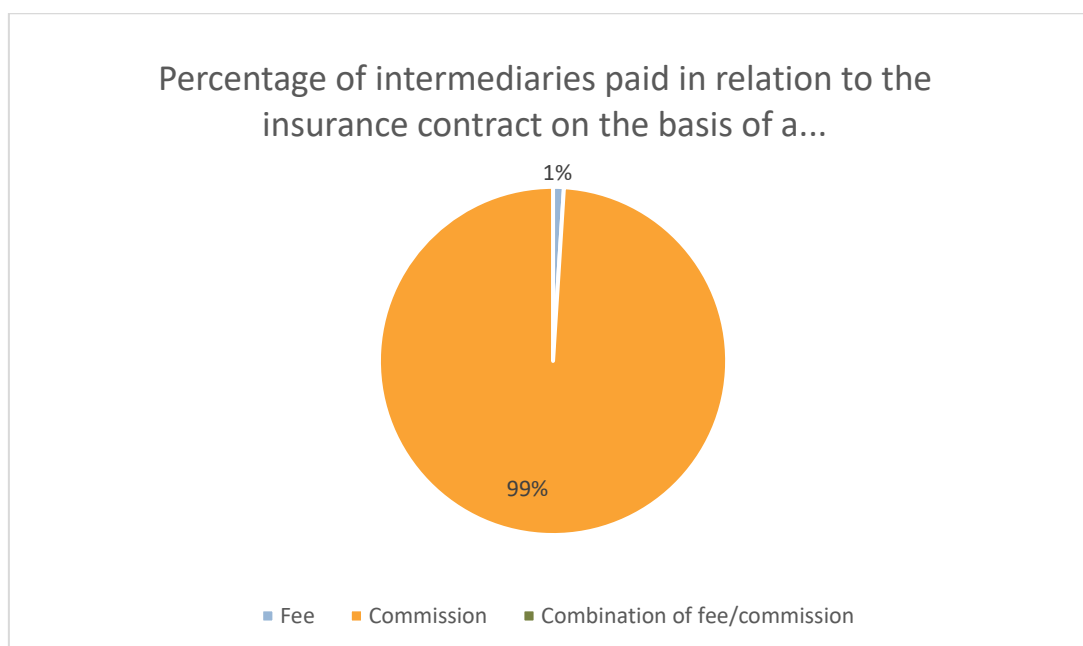
Registered insurance intermediaries split by categories based on the activities of insurance intermediaries:



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

The category of insurance intermediaries acting on behalf of more than one insurance intermediary is banned in Hungary.

Way of remuneration of insurance intermediaries in relation to the insurance contract in 2022:



Comments provided by the NCA on the figure above :

99% - on the basis of a commission of any kind, that is the remuneration included in the insurance premium

1% - on the basis of a fee, that is the remuneration paid directly by the customer

The relevant part of the Hungarian insurance law (Act LXXXVIII of 2014 - on the Business of Insurance):

2. Definitions

49. 'commission' shall mean any form of remuneration, comprising a specific percentage of the insurance premium, provided to the insurance intermediary in exchange for his services for brokering an insurance contract, or in connection with the performance of the insurance contract he has brokered or maintained, also if the contract is retained for a designated period of time, directly by the insurance company underwriting the risk;

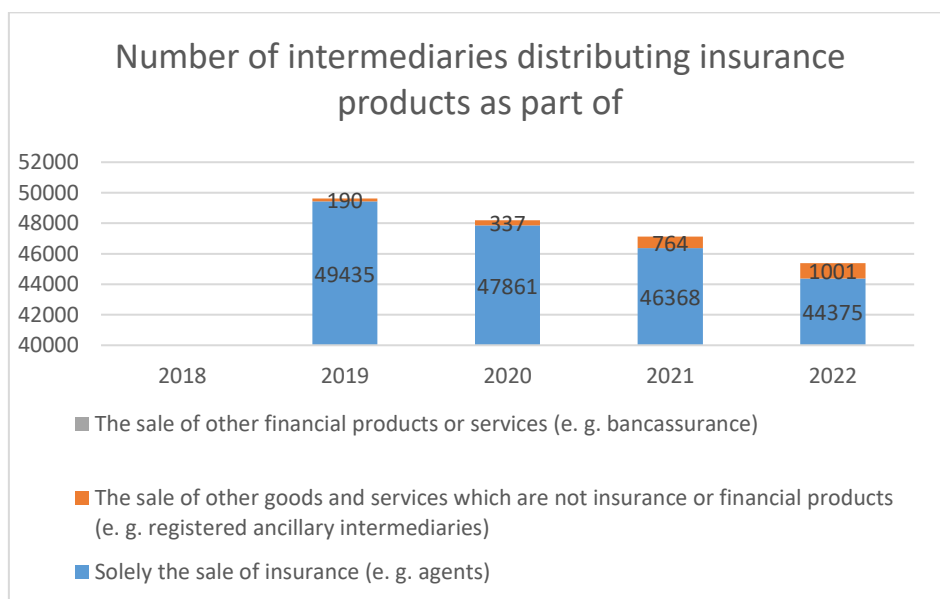
Section 375/B

(1) Tied insurance intermediaries shall be entitled to commission in accordance with this Act.

(2) Independent insurance intermediaries shall be remunerated directly by the employer for intermediary services on the basis of the relevant agreement, in particular when the assignment covers consultancy exclusively, or the mediation of insurance contracts whose premium does not cover remuneration payable by the insurance company directly, or covers only a part of such remuneration.

(3) If the independent insurance intermediary has an agreement with the principal - in accordance with the information he has provided - not to be remunerated directly as provided for in Subsection (2), or being remunerated in part only, he may receive indirect remuneration - comprising a specific percentage of the insurance premium - from the insurance company that underwrites the insurance risk covered by the contract he has mediated

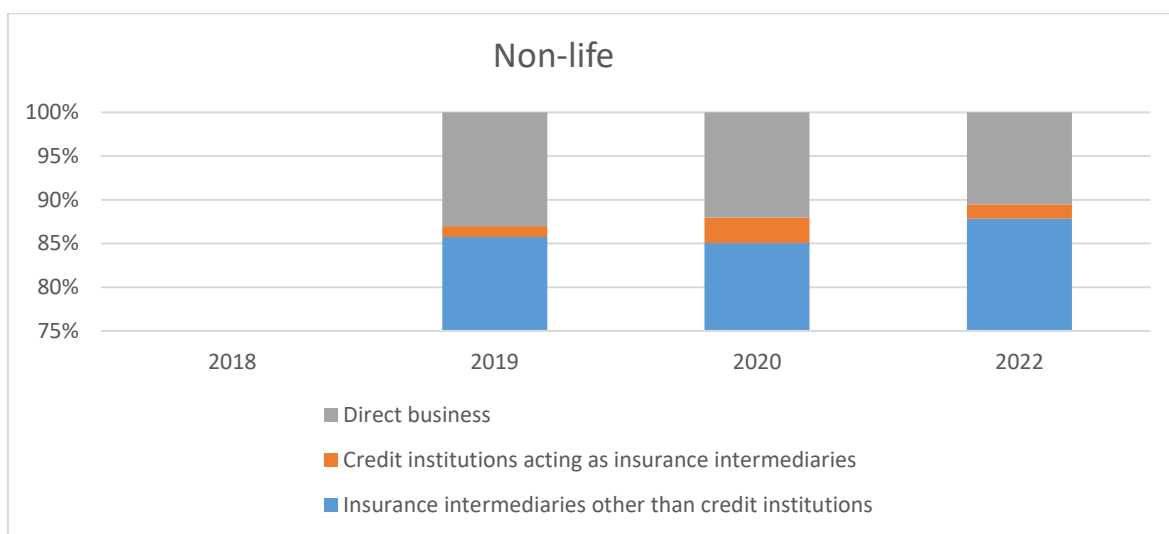
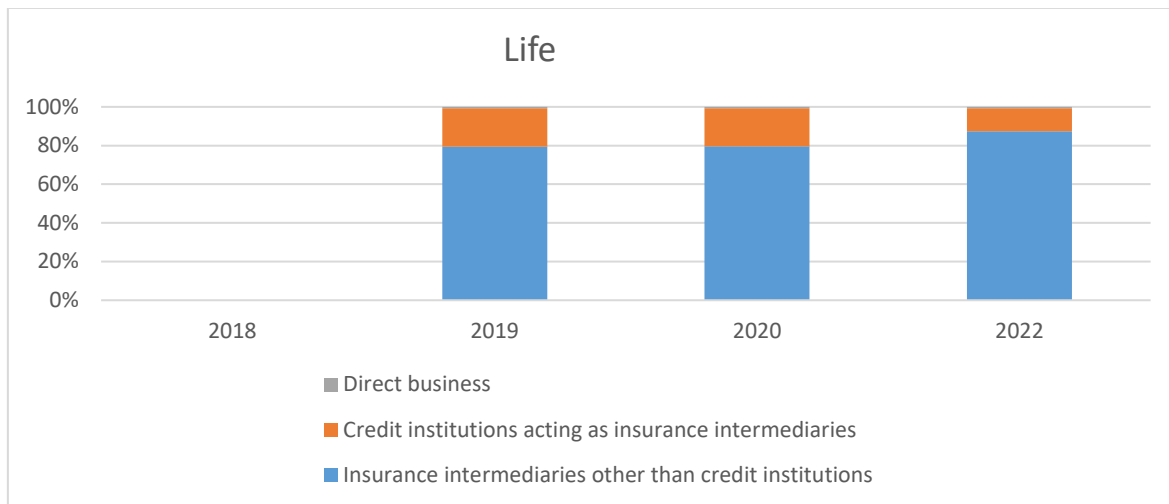
Registered insurance intermediaries split by categories based on the basis in which they sell insurance products:



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

We do not have data in this type on the classification concerning 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 charts above:

In the chart above we could provide data on premiums of new contracts by distribution channel

The source of data is 42Y24 template of Supplementary National Reporting 2022.

The National Bank of Hungary have revised the figures for the previous years due to a review of the classification methodology.

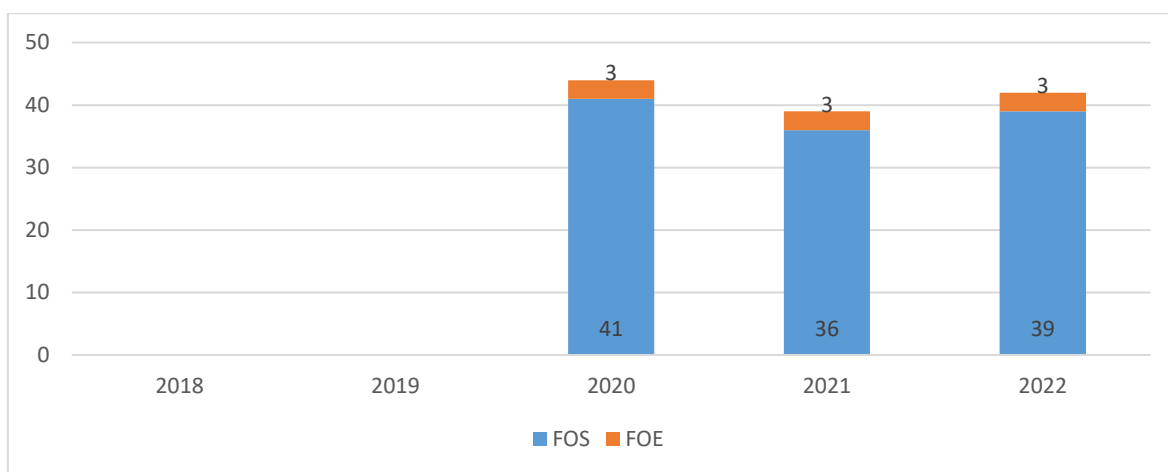
Proportion of online intermediation/sales (e.g. directly via websites, mobile applications, e-mails) in terms of the total volume of gross written premiums:

16

Comments provided by the NCA on the data above:

The data is calculated from national data reporting.

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



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

There is 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 distribution activities under FOS or under FOE at the reference date 31.12.2022 split by host Member State:⁶

	1. FOS	2. FOE	3. TOTAL
<i>Austria</i>	20	0	20
<i>Belgium</i>	11	0	11
<i>Bulgaria</i>	11	0	11
<i>Cyprus</i>	9	0	9
<i>Croatia</i>	8	0	8
<i>Czech Republic</i>	16	1	17
<i>Denmark</i>	10	0	10

⁶ The row "Total EEA" and the column "3. TOTAL" count the same insurance intermediary only once where the insurance intermediary operates both under FoS and FoE or in several Member States at the same time.

<i>Estonia</i>	10	0	10
<i>Finland</i>	10	0	10
<i>France</i>	10	0	10
<i>Germany</i>	17	0	17
<i>Greece</i>	10	0	10
<i>Hungary</i>	0	0	0
<i>Iceland</i>	0	0	0
<i>Ireland</i>	11	0	11
<i>Italy</i>	10	0	10
<i>Latvia</i>	10	0	10
<i>Liechtenstein</i>	0	0	0
<i>Lithuania</i>	10	0	10
<i>Luxembourg</i>	8	0	8
<i>Malta</i>	8	0	8
<i>Netherlands</i>	11	0	11
<i>Norway</i>	2	0	2
<i>Poland</i>	19	1	20
<i>Portugal</i>	9	0	9
<i>Romania</i>	25	1	26
<i>Slovakia</i>	25	0	25
<i>Slovenia</i>	15	0	15
<i>Spain</i>	11	0	11
<i>Sweden</i>	10	0	10
<i>Total EEA</i>	328	3	331

General qualitative description of the “patterns of cross-border activity”:

MNB do not have any further information related to the “patterns of cross-border activity.”

Information on powers of the NCA

New statutory powers to implement the IDD received since 2022

Not directly related to IDD, but helping its application (enhancing investor and customer protection) the MNB may order the rendering of electronic information inaccessible temporarily as provisional protective measure from 15 January 2022, based on 49/D(4), 91/A and 93/A of the Act on MNB

Extent to which NCA has not been sufficiently empowered to ensure the implementation of the IDD:

MNB has sufficiently empowered to do proper conduct of business supervision.