

Country-by-country analysis - Croatia

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

Consumer Protection Department
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EIOPA-BoS-21/584
06 January 2022

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 Croatian Financial Services Supervisory Agency (HANFA) 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 Croatian Financial Services Supervisory Agency (HANFA) 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.

CROATIA

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) ¹	4,058	0.9%
(Re)insurance GWP (in million) ²	1,387.85	0.09%
Number of (re)insurance undertakings ³	15	0.6%
Number of insurance intermediaries	883	0.1%

National competent authority:

Croatian Financial Services Supervisory Agency (HANFA)

Registered insurance intermediaries split by natural and legal persons:

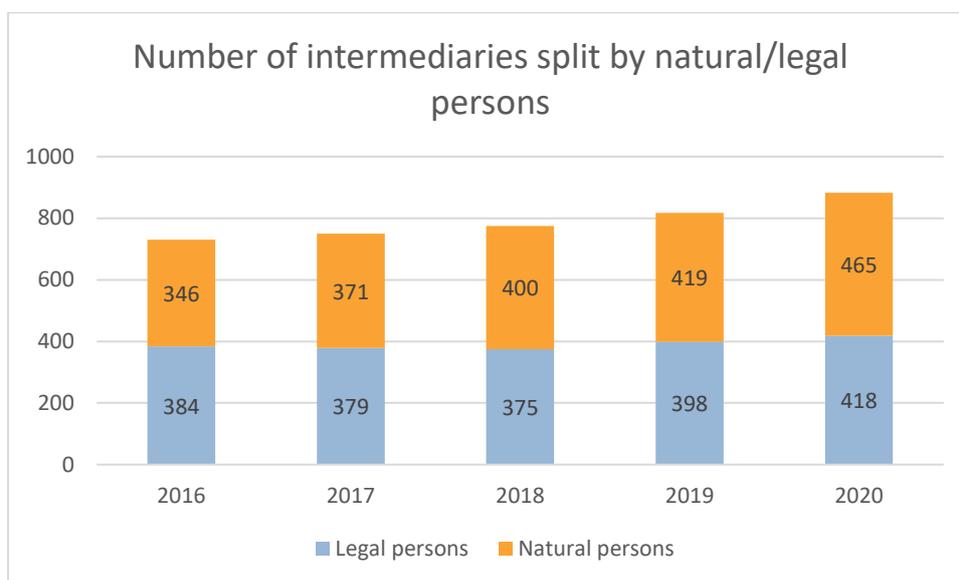
¹ Based on eurostat data:

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

² (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

³ 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:

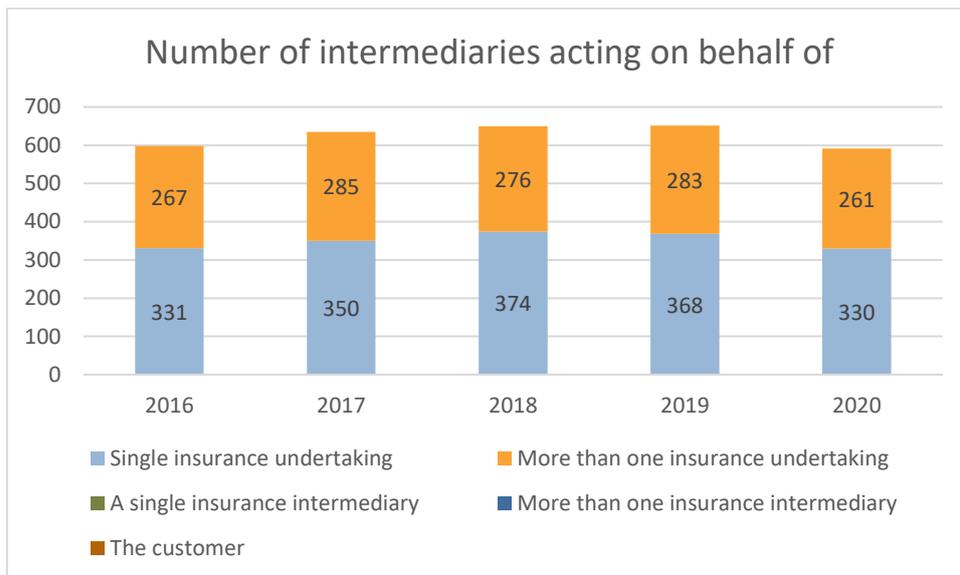
Accordingly, it is clear that there is a growing trend in the number of intermediaries from 2016 to 2020.

Online registration system:

HANFA established an online registration system which is easily accessible and allows the registration form to be completed directly online. Namely, in accordance with Technical instruction regarding the usage of registration system (published online on HANFA's website), users have to meet prescribed conditions to be able to access to the subject system. Conditions are as follows: computer with the access to the internet, USB stick or smart card with digital certification (users have to request and obtain digital certificate from FINA-Financial Agency in Croatia) and installed hardware and software support for usage of digital certificate. Also, users have to submit to HANFA an application form, in order to obtain the appropriate level of access to the information in register since the system also keeps data regarding the obligatory education for distributors (15 hours of professional training or development per year). When all those conditions are met, authorized user log in to the registration system by using authorized digital certificate through the interface on the HANFA's website. Authorized user has the authorization to add, change, delete and update information but all those changes have to be approved, after the review, by authorized person in HANFA.

The information on the number of registered insurance, reinsurance and ancillary insurance intermediaries are updated on a daily basis.

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 above numbers are not entirely accurate. Namely, the mentioned records are for intermediaries who submitted their reports electronically, while for those who submit in paper form, there are no records from which the stated data could be extracted. However, the growth trend in the number of intermediaries from 2016 to 2020 is evident. Also, some intermediaries have not yet submitted reports as of 31.12.2020. so the above needs to be taken into account.

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

HANFA has no statistics for this issue, however, the most similar data are statistics SP_24 which divides the gross premium written by sales channels as follows: no commission, internal, agencies, brokers, bank channel and others.

GWP split by distribution channels:

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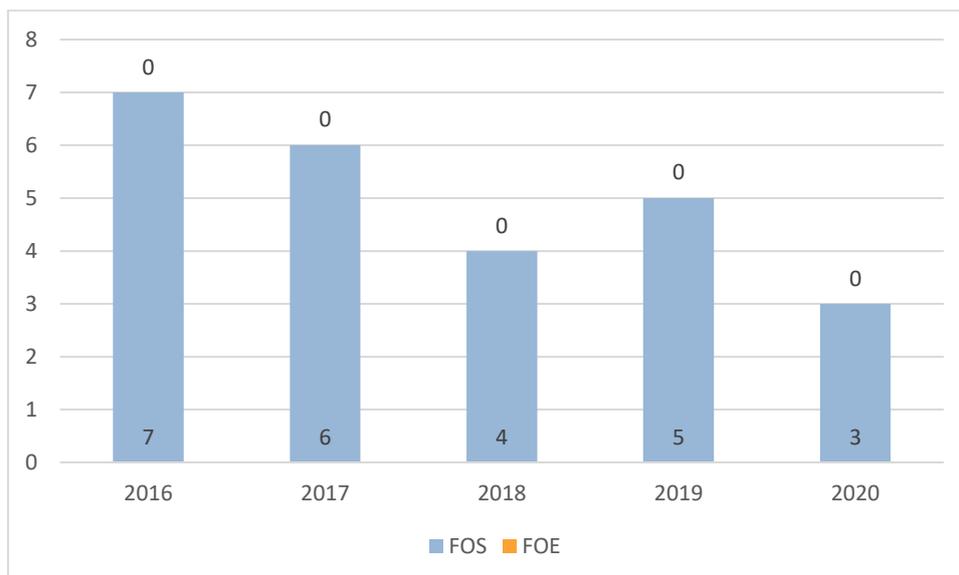
Comments provided by the NCA on the figures included in the charts above:

The source of information are the annual financial statements. Numbers are in HRK.

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

In 2020, only 1% of the total volume of GWP was distributed throughout the digital channel of sales (NonLife GWP Digital 101.552.322 HRK).

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)



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

There is a noticeable downward trend in the number of notifications, and as far as the countries notified to distributors are concerned, Slovenia is the most represented, followed by Poland, Belgium, France and Germany.

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>	3	0	3
<i>Belgium</i>	4	0	4
<i>Bulgaria</i>	0	0	0
<i>Cyprus</i>	0	0	0
<i>Croatia</i>	0	0	0

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<i>Czech Republic</i>	3	0	3
<i>Denmark</i>	0	0	0
<i>Estonia</i>	0	0	0
<i>Finland</i>	0	0	0
<i>France</i>	4	0	4
<i>Germany</i>	4	0	4
<i>Greece</i>	1	0	1
<i>Hungary</i>	3	0	3
<i>Iceland</i>	0	0	0
<i>Ireland</i>	2	0	2
<i>Italy</i>	3	0	3
<i>Latvia</i>	0	0	0
<i>Liechtenstein</i>	0	0	0
<i>Lithuania</i>	0	0	0
<i>Luxembourg</i>	0	0	0
<i>Malta</i>	2	0	2
<i>Netherlands</i>	3	0	3
<i>Norway</i>	0	0	0
<i>Poland</i>	5	0	5
<i>Portugal</i>	0	0	0
<i>Romania</i>	0	0	0
<i>Slovakia</i>	2	0	2
<i>Slovenia</i>	12	0	12
<i>Spain</i>	1	0	1
<i>Sweden</i>	0	0	0

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<i>Total EEA</i>	52	0	52
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Comments provided by the NCA on the figures included in the table above:

There is a noticeable downward trend in the number of notifications, and as far as the countries notified to distributors are concerned, Slovenia is the most represented, followed by Poland, Belgium, France and Germany.

Information on the powers of the NCA

Statutory powers to implement the IDD:

- a) Market monitoring, including the market for ancillary insurance products which are marketed, distributed or sold in, or from, Republic of Croatia (Article 400 (3) of the Insurance Act)
- b) Registration of (re) insurance intermediaries and ancillary insurance intermediaries (Article 410, 411, 412 and 413 of the Insurance Act.)
- c) Notification procedure (Article 416, 417 and 418 of the Insurance Act)
- d) Breach of obligations when exercising the freedom to provide services and the freedom of establishment (Article 420 of the Insurance Act)
- e) Publication of general good rules (Article 421 of the Insurance Act)
- f) Breaches, (administrative) sanctions and other measures, including their publication and reporting (Article 211, 211a, 211c, 211d of the Insurance Act).

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

We had to reorganise the register of intermediaries and increase the number of employees who actively work on registry operations. Additionally, HANFA has increased the number of working hours of all employees involved in the supervision of IDD operations.

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

Tools	Insurance undertakings	Insurance intermediaries
Market monitoring	5	5
Data-driven market monitoring, beyond complaints data analysis	3	3
Thematic reviews	5	3
Mystery shopping	5	3

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On-site inspections	5	3
Off-site monitoring	5	4
Consumer focus groups	1	1
Product oversight activities	4	1
Consumer research	1	1
Investigations stemming out of complaints	5	2
Other <i>a priori</i> supervisory activities (e.g., fit&proper assessments)	4	2

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

HANFA uses fit & proper assessments.

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:

While conducting its supervisory activities, HANFA used some of the above mentioned tools prior to IDD, but after the implementation of IDD in national legislation, HANFA uses additional tools together with the tools already used (such additional tools are Market monitoring, Mystery shopping).

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