

Country-by-country analysis CROATIA

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

CROATIA

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	3,862	0.8%
(Re)insurance GWP (in million) ⁴	1,687.451	0.1%
Number of (re)insurance undertakings ⁵	15	0.9%
Number of registered insurance intermediaries	11131	1.3%

National competent authority:

Croatian Financial Services Supervisory Agency (HANFA)

³ Based on eurostat data for 1 January 2022:

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

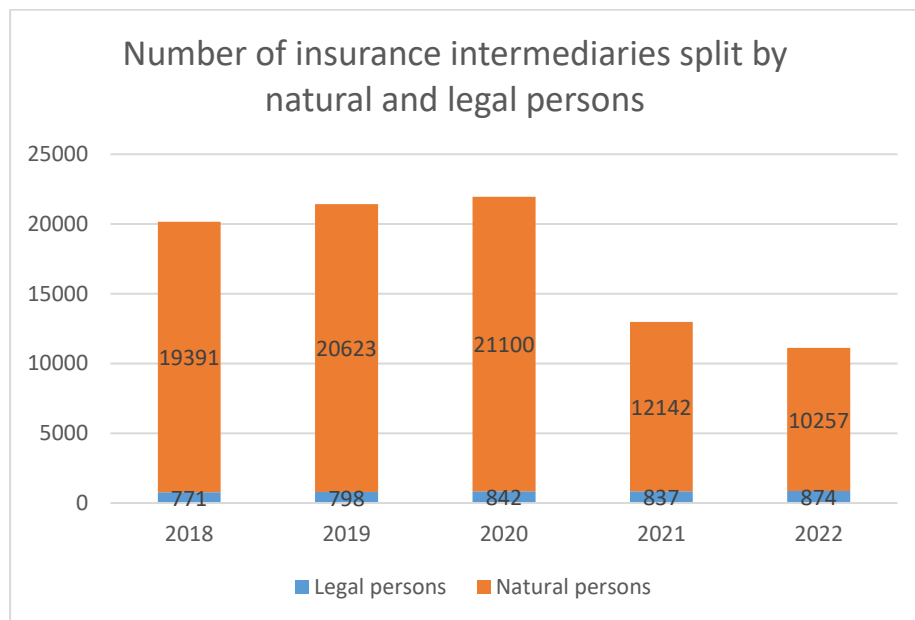
⁴ "(Re)insurance GWP includes life and non-life premiums generated by domestically registered undertakings year-end 2022 based on annually reported SII information:

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:



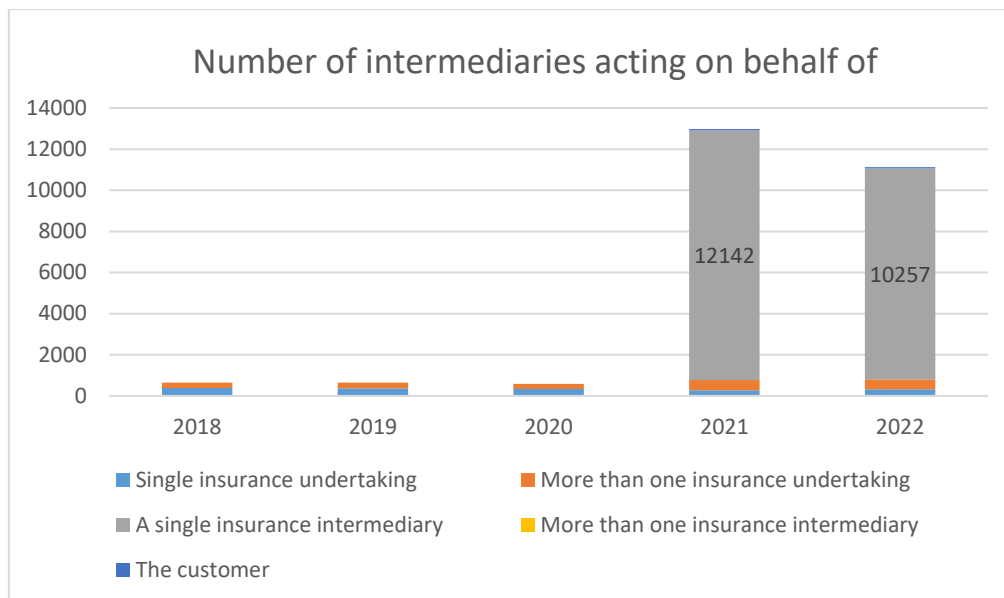
Comments provided by the NCA on the figures included in the chart above:

There is a decrease in the number of natural persons in the register of Insurance agents, insurance and/or reinsurance brokers and ancillary insurance intermediaries- 1.885 persons fewer in 2022. than in 2021. since they didn't fulfill their obligation according to the Insurance Act (15 hours of professional training or development per year). The data delivered for 2021 and 2022 is the total number of insurance intermediaries in the respective year. The data for 2018-2020 refers to the number of insurance intermediaries that have been registered in that year. The data for 2021-2022 refers to the total number of registered insurance intermediaries.

Online registration system:

Information about number of registered insurance, reinsurance and ancillary insurance intermediaries is updated as needed (sometimes daily when there is a change in the register).

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

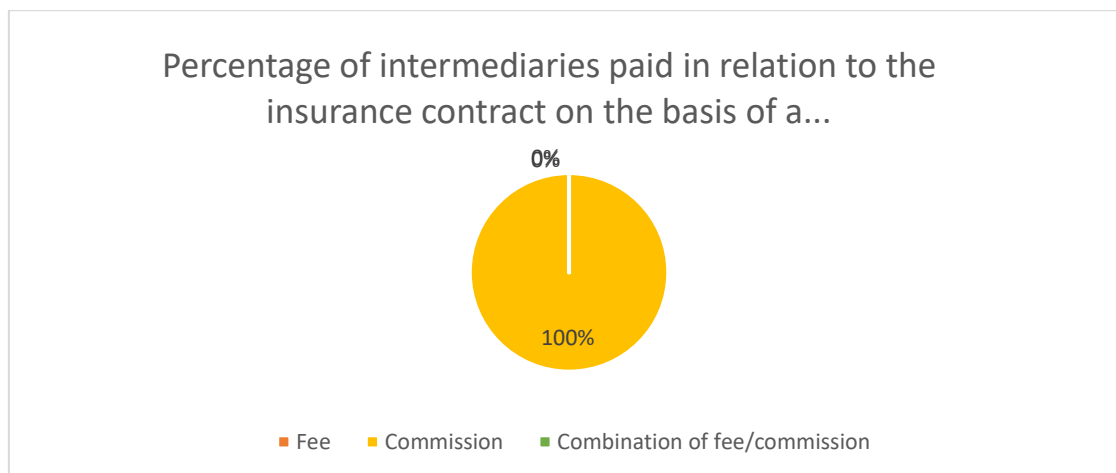


Comments provided by the NCA on the figures included in the chart above:

The above numbers are not entirely accurate from 2018 to 2020. 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.

Please note that in the period from 2021 to 2022 there was in progress a procedure of compliance with IDD requirements which resulted in deletion of over 1800 natural persons from the register of insurance agents and brokers due to failure of compliance with IDD fit (mandatory education - 15 h per year) requirements.

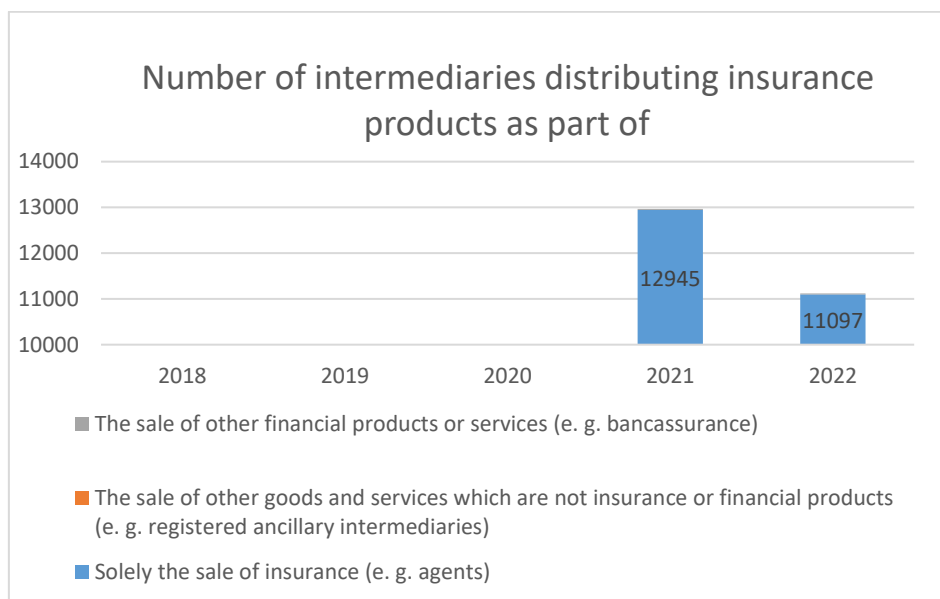
Way of remuneration of insurance intermediaries in relation to the insurance contract in 2022:



Comments provided by the NCA on the figures above :

Please note that according to the Croatian Insurance Act, insurance agents can only receive commission from the insurance undertaking and insurance brokers can receive commission either from the insurance undertaking or fee from the client. HANFA regularly (semi-annually and annually) receives reports on collected commissions.

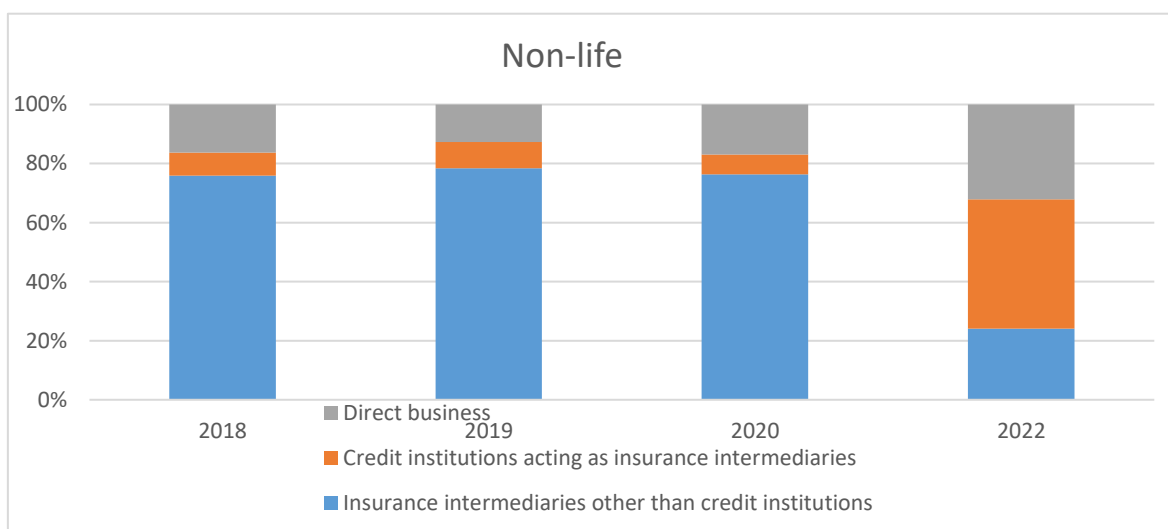
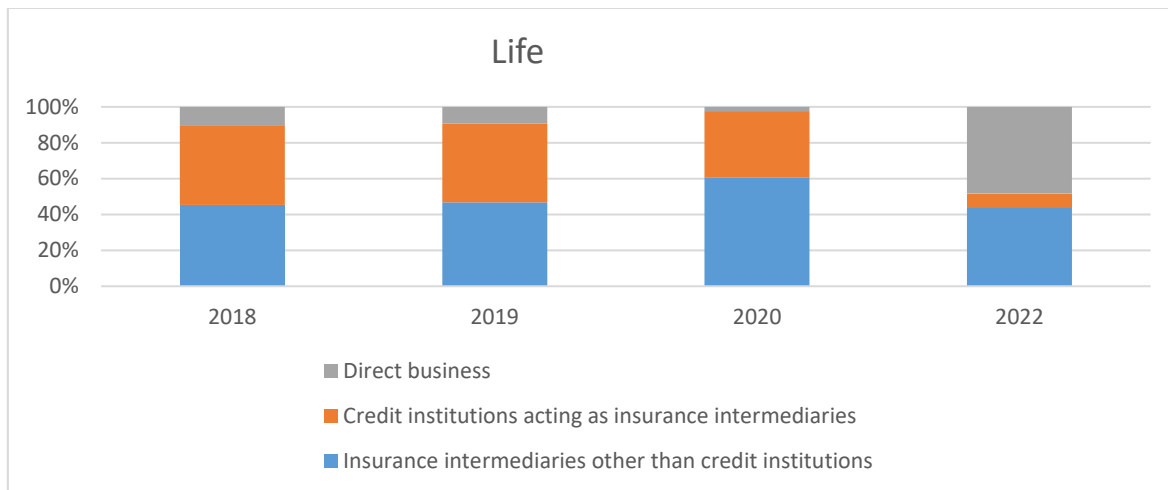
Registered insurance intermediaries split by categories based on the basis in which they sell insurance products:



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

In the reference period, except the abovementioned comment P.32 with regards solely the sale of insurance HANFA did not observe any special deviations or special trends in the Croatian insurance distribution market.

GWP split by distribution channels:



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

The source of information are the annual statistical statements which HANFA receives from insurance undertakings (data on GWP per sales channel). The data provided represents 100% of the Croatian market. In the previous period (2020 and 2021) direct business represented approx. 50% of sales and in 2022 has decreased to 44,7%

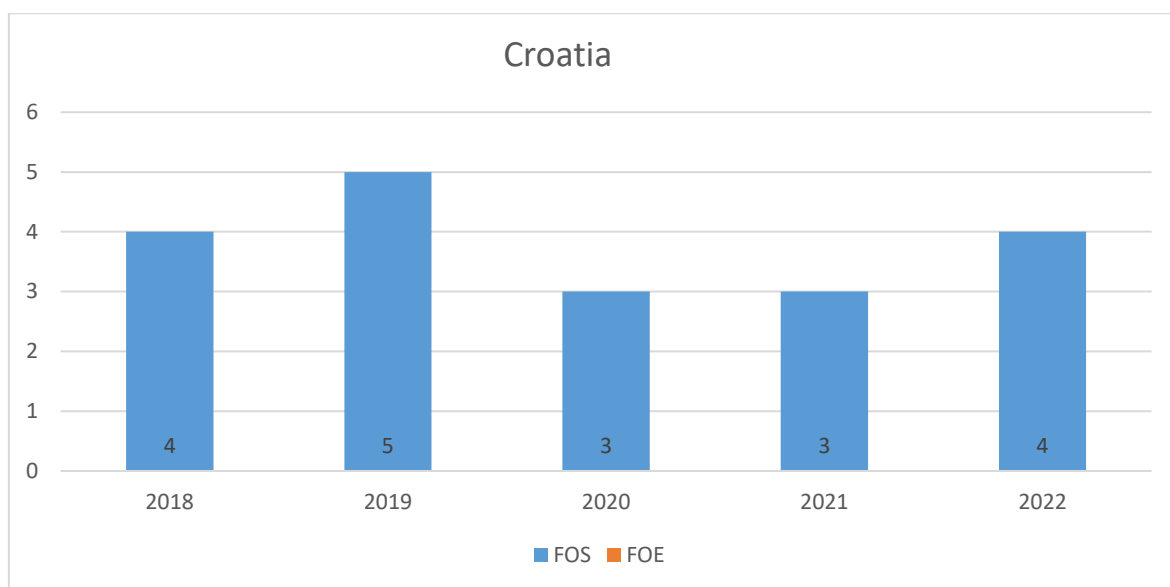
Proportion of online intermediation/sales (e.g. directly via websites, mobile applications, e-mails) in terms of the total volume of gross written premiums:

0.0056

Comments provided by the NCA on the data above:

Digitalization of intermediation/sales (e.g. directly via websites, mobile applications, e-mails) in our market is still in early stages due to the tradition of concluding insurance business face to face but there is an indication among younger people to conclude insurance contract via mobile apps for travel and MTPL insurance products.

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 are no specific background information on the data indicated above as there is a slight one item increase.

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>	6	0	6
<i>Belgium</i>	5	0	5
<i>Bulgaria</i>	1	0	1
<i>Cyprus</i>	1	0	1
<i>Croatia</i>	0	0	0
<i>Czech Republic</i>	6	0	6

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>Denmark</i>	<i>1</i>	<i>0</i>	<i>1</i>
<i>Estonia</i>	<i>1</i>	<i>0</i>	<i>1</i>
<i>Finland</i>	<i>2</i>	<i>0</i>	<i>2</i>
<i>France</i>	<i>6</i>	<i>0</i>	<i>6</i>
<i>Germany</i>	<i>5</i>	<i>0</i>	<i>5</i>
<i>Greece</i>	<i>3</i>	<i>0</i>	<i>3</i>
<i>Hungary</i>	<i>4</i>	<i>0</i>	<i>4</i>
<i>Iceland</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Ireland</i>	<i>2</i>	<i>0</i>	<i>2</i>
<i>Italy</i>	<i>5</i>	<i>0</i>	<i>5</i>
<i>Latvia</i>	<i>1</i>	<i>0</i>	<i>1</i>
<i>Liechtenstein</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Lithuania</i>	<i>1</i>	<i>0</i>	<i>1</i>
<i>Luxembourg</i>	<i>2</i>	<i>0</i>	<i>2</i>
<i>Malta</i>	<i>4</i>	<i>0</i>	<i>4</i>
<i>Netherlands</i>	<i>3</i>	<i>0</i>	<i>3</i>
<i>Norway</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Poland</i>	<i>7</i>	<i>0</i>	<i>7</i>
<i>Portugal</i>	<i>1</i>	<i>0</i>	<i>1</i>
<i>Romania</i>	<i>1</i>	<i>0</i>	<i>1</i>
<i>Slovakia</i>	<i>4</i>	<i>0</i>	<i>4</i>
<i>Slovenia</i>	<i>24</i>	<i>0</i>	<i>24</i>
<i>Spain</i>	<i>2</i>	<i>0</i>	<i>2</i>
<i>Sweden</i>	<i>1</i>	<i>0</i>	<i>1</i>
<i>Total EEA</i>	<i>99</i>	<i>0</i>	<i>99</i>

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

There are no specific background information on the data indicated above as there no change in the number of insurance intermediaries with a passport to carry out insurance mediation activities.

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

Patterns of cross-border activity are that there are no FOE passport to carry out insurance distribution activities and that FOS passport is predominant in neighbouring countries.

Additional information not covered above :

Please note that new Ordinance has been adopted which prescribes (from 2023 onwards) the obligation of insurance intermediaries to provide HANFA with data and information regarding GWP for each insurance class i.e. risk

Information on powers of the NCA

New statutory powers to implement the IDD received since 2022

Although mystery shopping was implemented into Croatian Insurance Act in 2018, in 2023, mystery shopping is upgraded and regulated with more detailed provisions by the new Ordinance (it is expected to enter into force by 30/06/2023). HANFA has recognized importance and benefits of mystery shopping and has included it into regular supervisory activities. In particular, since 2020, HANFA has conducted 7 mystery shopping inspections, including 3 insurance companies, 2 credit institutions, 1 insurance agency and 1 postal services provider. Mystery shopping inspections were conducted regarding compliance of insurance distribution with provisions of the Insurance Act and other positive regulations, especially with regard to provision of pre-contractual information to the clients and compliance with rules of professional conduct of distributors.

Except for the mentioned, there were no new statutory powers given to HANFA since 2022 to ensure the implementation of the IDD.

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

We did not face any significant difficulties (in terms of sufficient power or similar) in conducting of business supervision. HANFA also established an internal distribution monitoring team which consisting of 3 people who are fully dedicated to the supervision of insurance intermediaries. Depending on the subject of supervision, as well as other supervisory activities and defined inspection plan, other employees can also be included into supervisory activities related to insurance distributors.