

Opinion on the disclosure of information to customers about the impact of the withdrawal of the United Kingdom from the European Union

Frequently Asked Questions

1. To whom is the Opinion addressed?

The Opinion is addressed to national supervisory authorities responsible for the supervision of insurance undertakings and insurance intermediaries.

2. What is the aim of the Opinion?

The aim of this Opinion is to remind national supervisory authorities about the duty of insurance undertakings and insurance intermediaries to inform customers about the possible impact of the withdrawal of the United Kingdom from the European Union on insurance and the relevant contingency measures taken by insurance undertakings with respect to continuity of services.

3. What is the role of the national supervisory authorities?

National supervisory authorities are required to ensure that insurance undertakings and insurance intermediaries take appropriate contingency measures. These measures shall ensure the continuity of services of insurance contracts which are concluded between insurance undertakings in the United Kingdom and customers located in the remaining Member States of the European Union (and vice-versa).

Furthermore, national supervisory authorities are required to monitor whether insurance undertakings and insurance intermediaries fulfil their obligations to inform their customers about the implications of the withdrawal of the United Kingdom from the European Union for the services provided to their customers.

4. To ensure a high level of consumer protection, what measures do insurance undertakings and insurance intermediaries need to follow?

Insurance undertakings have to inform their customers how their contingency measures will affect the services and contracts concluded with their customers. This may include information about a change of the contractual counterparty in cases where the portfolio of insurance contracts is transferred to another entity, or the potential loss of protection provided by any existing national compensation scheme due a portfolio transfer to an entity located in another jurisdiction.

Each customer has to be informed about the implications both for existing and for new contracts. Customers who have already concluded an insurance contract should be appropriately informed about how the relevant contingency measures taken by their insurance undertakings impact the services received from insurance undertakings. Insurance undertakings and insurance intermediaries should inform any potential new customer about the impact on the provision of insurance services that might emerge from the withdrawal of the United Kingdom from the European Union.

5. After the withdrawal of the United Kingdom from the European Union, will customers lose their contractual rights and claims against the insurance undertaking with which they have concluded their insurance contract?

The effect of the United Kingdom leaving the European Union on the contractual relationships between customers and their insurance undertakings will depend on the national legislation applicable to the specific insurance contract. Even though it is generally acknowledged that the contracts will remain valid, the ability of insurance undertakings to provide their services cross-border between the United Kingdom and the remaining European Union Member States will change and depend on the contingency measures adopted. For example, it might be possible that an insurance undertaking transfers the insurance contract to another entity as a contingency measure. In this specific case, the contractual counterparty would change, while the contractual rights of the customer as such might remain the same as before.

6. Should customers surrender or terminate their insurance contracts in view of the withdrawal of the United Kingdom from the European Union?

From a general point of view, there is no reason to surrender or terminate an insurance contract only because of the United Kingdom withdrawal from the European Union. The insurance undertaking with which you have a contract or your insurance intermediary should provide you with more guidance on what steps you should take. However, it depends on the specificities of the individual contract and thus it is not possible to draw a valid general conclusion.

In this context, it is important to note that a premature surrender or termination of insurance contracts might be disadvantageous for the customer, in particular for long-term insurance contracts, such as life insurance contracts, taking into consideration for example that some contracts envisage penalties for early termination, or offer higher returns than current market conditions.

7. Whom can customers contact if they have further questions on the withdrawal and its implications for their insurance contracts?

In general, customers should contact the insurance undertaking with whom they have concluded an insurance contract or, for general information related to the impact of the withdrawal of the United Kingdom on insurance contracts and services, the competent national supervisory authority.

8. How will EIOPA monitor the follow-up actions of national supervisory authorities and insurance undertakings?

Together with national supervisory authorities, EIOPA will monitor how customers are informed about the impact of the withdrawal of the United Kingdom from the European Union, on insurance contracts. EIOPA expects national supervisory authorities to provide them with the necessary information to monitor developments in this area.