



ANNUAL REPORT 2010

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Annual Report of the Polish Chamber of Insurance for 2010

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Ladies and Gentlemen,

I have a great pleasure to present to you the Annual Report of the Polish Chamber of Insurance, summarizing the year 2010 and forecasting development of the insurance market in the following years.

The year 2010 was so far the most difficult period in the history of insurance in Poland. This was first of all due to spring and summer floods. The tragedy that hit several hundred thousand families demanded an immense effort from the insurers. The claim management process was conducted on an unprecedented scale – over 270 thousand insured received over PLN 1.7b in compensations. Simplified procedures were introduced with regard to submitting claims and payment of compensation so as to help those affected by the natural disaster as soon as possible. The Polish Chamber of Insurance remained at all times in contact with the crisis team at the Prime Minister's Office, while conducting a widespread information campaign for those affected by the flood.

The insurers passed this difficult exam in flying colours. However, the natural disaster, as well as the long and snowy winter of 2010 did take a toll on their financial statements. The property insurers recorded the technical loss of PLN 1.2b at the end of 2010.

The previous year also meant working on the legislation projects. The Chamber, together with representatives of the insurance companies and the academics, initiated or continued the work related to market development, among others implementation of the Solvency II Directive, promotion of health insurance, campaign regarding a relief under the 3rd pillar or development of the "Traffic Incidents Catalogue", and it also worked on solving the problems of double third-party liability insurance, advances for accident victims, and on the Tourist Services Act within the scope of the guarantee.

Similarly as in previous years, the Chamber organised a number of conferences and seminars related to insurance issues. The most important included the conference at the Sejm on the "Directions for amendments of the Civil Code with regard to insurance agreement", the conference on the "Flood – Infrastructure – Financing" when the natural disaster risks in Poland, as well as their social and financial implications, were taken into analysis; the conference organised in cooperation with the Minister of Health on the "Role and place of private insurance in the healthcare system in Poland"; the conference on the "Third pillar – a recipe for higher pension" with diagnosis of the additional pension insurance market and future forecasts.



The Chamber also co-organised the international discussion panel on the “Role of private health insurance in the healthcare financing system - options for Poland” at the 20th Economic Forum in Krynica.

The previous year also marked celebrations of the 20th anniversary of the Polish Chamber of Insurance. It was the time to summarise the development and achievements on the market. I am pleased that after 20 years of activity, the Polish insurance market is not significantly different from the markets in the other European Union states. What is more, in some areas Polish insurance companies can show cutting edge solutions as compared to Europe, such as preparation of the “Traffic Incidents Catalogue” which is to assist the police and the insurers with their work.

You can find more information on the subject in the Annual Report of the Polish Chamber of Insurance for 2010, which is comprised of two sections. The first one describes the activities of the Polish Chamber of Insurance in 2010. The second one summarises the insurance market, while discussing the trends and growth areas. I am convinced that both the information about the Chamber’s activities and the financial results of the insurance companies will present to you a wider spectrum of Polish insurance and its role in the economic development of Poland.

I hope you have a pleasant time reading it.

Jan Grzegorz Prądyński
President of the Management Board
Polish Chamber of Insurance



ACTIVITY OF THE POLISH CHAMBER OF INSURANCE



1. GOVERNING BODIES OF THE POLISH CHAMBER OF INSURANCE

1.1. MANAGEMENT BOARD OF THE POLISH CHAMBER OF INSURANCE

Since 31 May 2011, the Management Board of the Chamber has operated in the following composition:

- Jan Grzegorz Prądyński – President of the Chamber's Management Board
- Andrzej Maciążek – Vice-President of the Chamber's Management Board
- Marcin Łuczyński – Member of the Chamber's Management Board



The Management Board of the Polish Chamber of Insurance operated in 2010 in the following composition:

- Jan Grzegorz Prądyński – President of the Chamber's Management Board
- Witold Walkowiak – Vice-President of the Chamber's Management Board (from 12.01.2010 to 30.09.2010)
- Andrzej Maciążek – Member of the Chamber's Management Board

1.2 AUDIT BOARD OF THE POLISH CHAMBER OF INSURANCE

Audit Board of the Polish Chamber of Insurance operated in 2010 in the following composition:

- Ryszard Bociong – Chairman of the Board
- Andrzej Klesyk – Deputy Chairman of the Board
- Marek Czerski – Member of the Board (since 24 September 2010)
- Krzysztof Kudelski – Member of the Board
- Piotr Dzikiewicz – Member of the Board
- Piotr Narloch – Member of the Board
- Franz Fuchs – Member of the Board
- Jarosław Parkot – Deputy Chairman of the Board (until 30 June 2010)
- Andrzej Jarczyk – Member of the Board (until 30 November 2010)
- Ewa Stachura - Kruszewska – Member of the Board
- Witold Jaworski – Member of the Board
- Grzegorz Szatkowski – Member of the Board (Deputy Chairman since 19 October 2010)



2. ORGANISATION OF THE POLISH CHAMBER OF INSURANCE

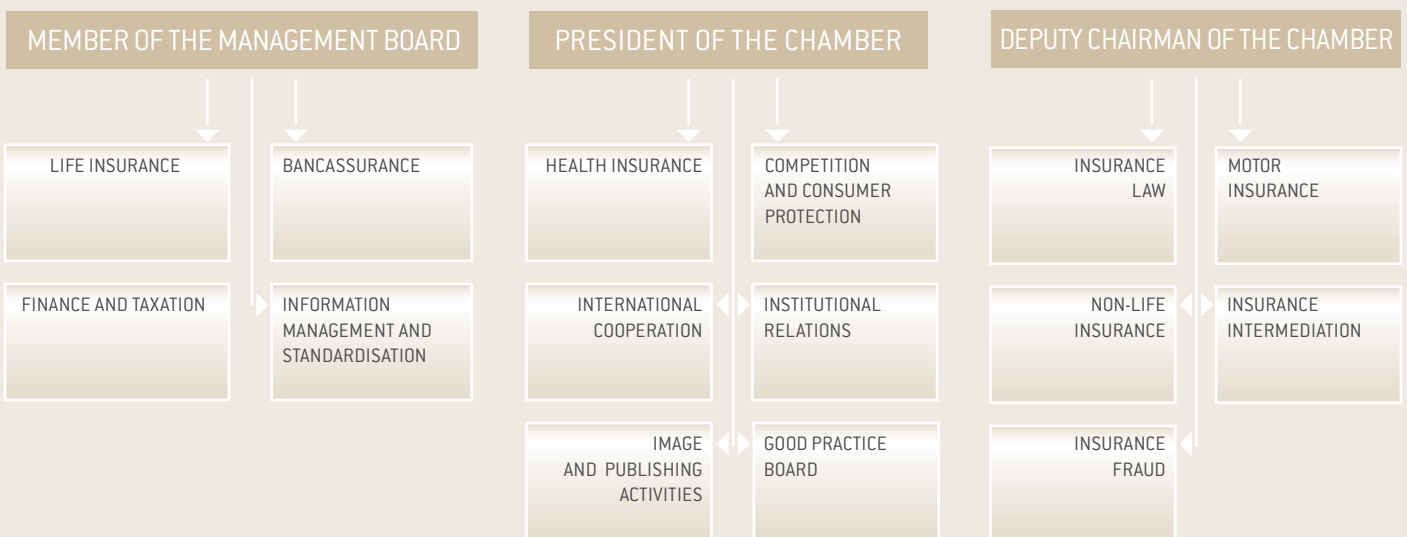
In order to improve organisation of the Chamber, the Management Board implemented a change of functioning of the Committee, the Sub-Committees, Teams and Working Groups of the Polish Chamber of Insurance prepared in 2009, introduced measures aimed at increasing the Chamber's competences through staff replacement and training, and established a professional Public Relations and Marketing Department at the Polish Chamber of Insurance, which facilitated, among other things, change of the way the Chamber communicated with its members and reorganisation of its educational and publishing activities.

2.1. IMPROVEMENT OF COMMUNICATION WITHIN THE COMMITTEES, SUB-COMMITTEES, TEAMS AND WORK GROUPS OF THE CHAMBER

The Management Board aimed at improvement of operations of the established in 2009 new composition of Committees, Teams, Sub-Committees and Work Groups, which are the opinion exchange and advisory bodies of the Management Board. They are appointed by the Audit Board of the Chamber and the Management Board specifies the scope of their activities and appoints new members, including the chairmen. The Committee members include the representatives of insurance companies, as well as the secretary, the employee of the Chamber.



DIVISION OF TASKS OF THE MANAGEMENT BOARD OF THE POLISH CHAMBER OF INSURANCE

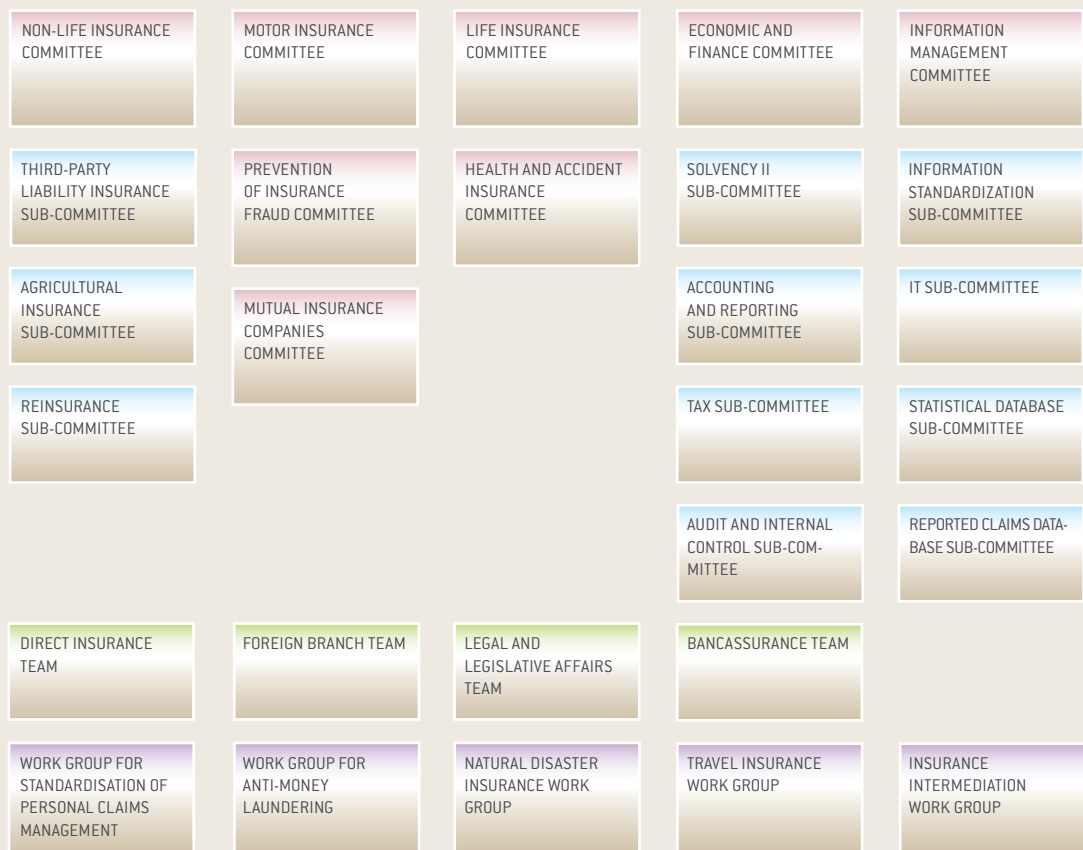


ACTIVITY OF THE POLISH CHAMBER OF INSURANCE

In order to improve communication within those bodies, an extranet platform was launched. Members of the individual Committees, Teams, Sub-Committees and Work Groups have access to their Extranet areas of the Polish Chamber of Insurance, containing documents related to the work and reports on the meetings. Communication between the Committees, Teams, Sub-Committees and Work Groups is aided by internal communications of the Chamber, providing details of the most important achievements and activities of the Chamber. The practice of off-site meetings of the Committees has been also introduced, and such meetings are organised whenever longer periods of joint work on specific projects or tasks are required.

In relation to realisation of the strategic activities of the Chamber, the Management Board performed further changes in the composition of the Committees, Teams, Sub-Committees and Work Groups. In place of the Insurance Fraud Sub-Committee, the Management Board appointed the Prevention of Insurance Fraud Committee, the new Work Group for Travel Insurance was established, and the Work Group for Bancassurance became a fixed Bancassurance Team. In addition, at the end of 2010, was appointed the Work Group for Standardisation of Personal Claims Management.

COMMITTEES, SUB-COMMITTEES, TEAMS AND WORK GROUPS OF THE POLISH CHAMBER OF INSURANCE





2.2. IMPROVEMENT OF COMMUNICATION BETWEEN THE CHAMBER AND ITS MEMBERS

Organisational changes, followed by qualitative changes in the approach to the activities of the Chamber, led to the revision of approach to the process of communication with the insurance market, in particular, to consultation of the drafted legal acts.

The Polish Chamber of Insurance shifted away from the model of a “contact box” towards the formula of friendly and useful information, as well as reinforcement of the process of assessing legislative proposals by presenting the position of the Chamber. Three new communication channels have been developed. The Chamber sends regular notices to the Management Boards of Insurance Companies regarding the most important market events (there were 127 such notices issued in 2010). In addition, each and every time it submits for consultation draft legal acts together with the position of the self-government, agreed foremostly at the meetings of the Committees, Sub-Committees, Teams and Work Groups (there were 78 legislative notices issued in 2010). In 2010, a third type of notice related to the EU legislation and international issues was introduced (there were 48 international notices issued in 2010).

This manner of communicating with the market proved to be useful and practical especially if considering the short timeframes required under the legislative processes.

2.3. IMPROVEMENT OF THE CHAMBER'S COMPETENCIES

In view of the challenges faced by the Chamber, the Management Board continued partial replacement of staff. These changes affected the Legal Advisers Department, administration teams and motor and property insurance teams.

The Management Board continued the policy of financing specialist training and subject specific studies for the employees of the Chamber.

3. LEGISLATIVE AND AUTO-REGULATION ACTIVITIES

Legislative activities pursued by the Chamber were aimed at protecting and improving the conditions in which the market operated. As part of this work, the Management Board had a system created for monitoring legislative proposals. Overall, in 2010 the work was carried out on 78 legislative proposals.

3.1. COOPERATION OF THE SELF-GOVERNMENT WITH ADMINISTRATION, THE PARLIAMENT AND THE DOMESTIC INSURANCE MARKET INSTITUTIONS

The Chamber intensively pursued development of the relations between the Management Board and representatives of the Chamber with the representatives of the insurance institutions and the state administration. In 2010, the Chamber participated in 31 sittings of the Sejm and Senate Committees and Sub-Committees and held 81 approval meetings and conferences with the representatives of the state administration.

As part of the legislative and auto-regulation work of the self-government, the Chamber's statutory bodies were supported by the work of the Committees, Sub-Committees, Work Groups and Teams. In 2010, these bodies held 162 sessions based on the annual work plans approved by the Management Board, which consisted in: :

- assessing domestic and EU legislative proposals,
- initiating strategic projects undertaken by the Chamber,
- cooperation with the competent Committees of the European Insurance and Reinsurance Federation (CEA),
- exchange of views and experiences between the market participants.



Additionally, the Committee members actively participated in the sittings accompanying legislative work carried out by the Government bodies and in the Parliament as the Chamber's experts, and they presented the Chamber's stance at conferences and seminars organised by the Chamber and other institutions.

The most important areas of work carried out in 2010 included:

- in the life insurance field:
 - introduction of real preferences for voluntary saving under the 3rd pillar of the pension system,
 - interpretation of the Public Procurement Office of the need to organise tenders for group life insurance products,
 - participation of insurers in the market of products based on a reverse mortgage scheme,
 - assumptions to the legislative amendments introducing a new guarantee system for the life insurance policy holders..
- in the health insurance field:
 - promotion of the self-government's draft of the private health insurance system,
 - work on the ministerial draft on additional health insurance,
 - adjustment of the status of health insurance and medical subscriptions in the light of the Act on Insurance Activity and other laws.
- in the non-life insurance field:
 - development of a natural disaster insurance system,
 - ordinance concerning the sum insured in professional third-party liability insurance,
 - recourse agreement in property insurance.
- in the agricultural insurance field:
 - amendment of the Act on Crops and Live-stock Insurance,
 - draft of the indexed draught insurance system.
- in the motor insurance field:
 - amendment of the Act on Compulsory Insurance, the Insurance Guarantee Fund and the Polish Motor Insurers' Bureau,
 - payment of the claim based on a cost estimate,
 - obligation to take out a third-party liability insurance of motor vehicle owners by owners of trailers and the rules of reducing the premium in case of temporary withdrawal of the vehicle from operation,
 - development of the rule for hiring a replacement vehicle under the third-party liability insurance of motor vehicle owners,
 - advance on the claim as security of the claims made under the third-party liability insurance of motor vehicle owners,
 - support of the campaign of the Right to Repair Coalition to extend the EU Regulation (MV BER 1400/2003),
 - activities supporting the system of direct settlement of claims.
- in the economic and financial field:
 - implementation of the EC Directive on Solvency of Insurers (Solvency II Directive), QIS 5 Technical Specification, acts implementing the Directive, Omnibus II Directive,
 - update of the VAT regulations (exemption of the auxiliary services of insurers from the VAT),
 - annual and quarterly reporting of the insurance and reinsurance companies,
 - interpretation of the regulations following amendment of the Act on Anti-Money Laundering.
- in the insurance intermediation field:
 - improvement of the Register of Intermediaries,
 - maintaining the insurance broker activity as a licensed profession,
 - good practice recommendations in the bancassurance area,
 - regulation of the activities of the insurance claims law firm.



- in the contractual and corporate law field:
 - codification of the insurance contracts (Civil Code),
 - Act on group actions,
 - proposals of provisions concerning mutual insurance companies,
 - work on the EC antidiscrimination regulations,
 - work the draft Directive of the EC on the insurance guarantee systems,
 - EC Regulation on the acceptable cooperation of the insurers,
 - establishing a platform for exchange of information regarding the proceedings of authorities and offices (the Office for Competition and Consumer Protection, the Polish Insurance Ombudsman, the Financial Supervision Authority),
 - work on standardisation of consumer complaints.

In 2010, the Chamber prepared its position on the following domestic legislative proposals:

- Regulation of the Minister of Finance on Special Accounting Rules for Insurance Companies and Reinsurance Companies,
- amendment of the Act on Compulsory Insurance, the Insurance Guarantee Fund and the Polish Motor Insurers' Bureau,
- draft assumptions for the act amending the Act on Capital-Based Pensions,
- Regulation of the Minister of Finance on Compulsory Third-Party Liability Insurance for Healthcare Professionals,
- amendment of the Tourist Services Act,
- draft Regulation of the Ministry of Finance on Compulsory Third-Party Liability Insurance for Organisers of Mass Events,
- amendment of the Value Added Tax Act,
- Regulation of the Minister of Internal Affairs

and Administration regarding the detailed principles and requirements concerning security of pecuniary values stored and transported by entrepreneurs and other organisational units,

- Regulation of the Minister of Finance regarding the manner of submitting applications for entry or amendment of entry to the Register of Insurance Agents and the list of documents enclosed with such applications,
- draft Act on Amendment of the Act on Corporate Income Tax and the Act on the Personal Income Tax,
- Regulation of the Minister of Finance amending the Regulation regarding the template for information on the funds collected by the holder of savings in his/her personal pension account and the date and manner of providing such information,
- amendment of the Act on the Agricultural Crops and Livestock Insurance, act on Reducing Administrative Barriers to the Citizens and Entrepreneurs,
- draft "Consumer Policy Strategy for 2010-2013",
- draft assumptions of the Minister of Finance to the Reverse Mortgage Act,
- Regulation of the Minister of Justice on the manner of proceedings when the authorised entities conclude personal accident insurance agreements, accidents of the convicts performing free, controlled community labour and labour that is socially useful,
- Regulation of the Minister of Finance regarding the quarterly and additional annual financial statements and statistical reports of insurance companies,
- Regulation of the Minister of Finance regarding the quarterly and additional annual

financial statements and statistical reports of reinsurance companies,

- draft amendment of the Act on Amendment of the Personal Data Protection Act,
- the legislative package of the Minister of the Interior and Administration, regulating the rules of using the EPUAP platform, manner of operating the trusted profiles within the EPUAP platform and the conditions to be met by the system for user identification,
- draft Regulation regarding the documents enclosed with notices on the intention to acquire or take up the shares or the rights pertaining to the shares of a national insurance company or the intention to become a dominant entity in a national insurance company,
- draft “Package of red tape reduction procedures for the financial market”, prepared by the Financial Supervision Authority,
- Regulation of the Minister of Finance regarding the information set out in the annual insurance and reinsurance portfolio of the insurance company,
- Regulation of the Minister of Finance regarding the information set out in the annual report on the reinsurance portfolio of the reinsurance company,
- Regulation of the Minister of Finance regarding the compulsory third-party liability insurance of the clinical trial sponsor and researcher,
- Regulation of the Minister of Finance regarding the compulsory third-party liability insurance of the authorised and notified entity [refers to the Act on Medicinal Products],
- Regulation of the Minister of Finance regarding the compulsory third-party liability insurance of property appraiser,
- Regulation of the Minister of Finance regarding the compulsory third-party liability of property administrator,
- Regulation of the Minister of Finance regarding the compulsory third-party liability insurance of real estate agent,
- Regulation of the Minister of Finance regarding the percentage of premium paid by insurance companies to the Insurance Guarantee Fund [...],
- Regulation of the Council of Ministers regarding exclusion of certain vertical agreements in the sector of cars [...],
- amendment of the Act on the Patients' Rights and the Patients' Rights Ombudsman,
- amendment of the Act on the Banking Guarantee Fund and the Act on Act on Compulsory Insurance, the Insurance Guarantee Fund and the Polish Motor Insurers' Bureau,
- draft Position of the Government regarding the White Paper on Insurance Guarantee Systems,
- draft Governmental Programme for Protection of Cyberspace of the Republic of Poland for 2011-2016,
- draft Act on amendment of the Act – the Code of Criminal Procedure within the scope of securing the claims under the compulsory third-party liability insurance of motor vehicle owners,
- Regulation of the Minister of Agriculture and Rural Development regarding the maximum insurance limits for the individual agricultural crops and livestock for 2011,
- amendment of the Act on the State Treasury granting support to the financial institutions [...],
- amendment of the Act on the rules of registration and identification of tax payers and tax remitters and amendment of certain other acts,



- Regulation of the Council of Ministers regarding preparation of letters in the form of electronic documents, delivery of electronic documents and providing forms, templates and copies of electronic documents,
- draft of the Financial Supervision Authority regarding the Supervisory Review and Evaluation Process (SREP),
- Regulation of the Council of Ministers regarding fees for providing access to data from the registers of residents, registers of residence addresses of foreign nationals and PESEL (personal identification number) register,
- Regulation of the Minister of Finance on executing certain provisions of the Value Added Tax Act,
- draft assumptions to the Act on Amendment of the Act on Organisation and Functioning of the Pension Funds.
- protection and optimisation of the business environment of the insurers' business environment (among others draft Solvency II and International Accounting Standards, tax regulations, promotion of insurance solutions pertaining to healthcare and old age security),
- promotion of good practices and standards in the insurance operations (such as proposals concerning insurance guarantee systems, regulation allowing for agreements between the insurers and review of the informational obligations of the insurers),
- protection of insurability conditions in respect of old and new risks (e.g. the changing climate debate, legislation proposals regarding antidiscrimination, consumer class actions, compulsory third-party liability insurance for professions),
- improvement of the internal and external image of the insurance industry (including reaction to the consequences of the financial crisis).

3.2. COOPERATION OF THE SELF-GOVERNMENT WITH ADMINISTRATION, PARLIAMENT AND THE INSURANCE MARKET INSTITUTIONS IN THE EU

The Chamber actively participates in assessment of the legislative proposals considered on the European Union level.

Cooperation with the European Insurance and Reinsurance Federation (CEA) is the basic way in which the Chamber participates in assessment of the legislative proposals of the European Commission and the European Parliament concerning insurance activities, soliciting for appropriate representation of interests of Polish insurers.

In 2010, the CEA set out to complete 14 tasks concerning mainly the pending, assessed or approved draft directives and regulations of the European Union.

The priority activities of the CEA in 2010 were related to:

The representatives of the Polish Chamber of Insurance participated in the work of various CEA Committees and Work Groups, and established connections between the currently discussed Europe-wide problems with the work carried out by the Management Board, the Chamber's Office and the respective Committees, Sub-Committees, Teams and Work Groups of the Polish Chamber of Insurance.

The Chamber was involved in the consultations and preparation of the CEA opinion and position on the following EU legislative initiatives:

- draft new Solvency II Directive, including the QIS 5 Technical Specification and the acts implementing the Directive,
- arrangements at the second stage of work on the International Financial Reporting Standards (IFRS4 – insurance contracts),

- draft amendment of the Directive on Value Added Tax and the implementing regulations regarding insurance and financial services,
- draft Directive on Cross-Border to Healthcare Services in the EU,
- EC consultation regarding prolongation of the Block Exemption Regulation - Insurance beyond 2010,
- EC Green Paper on pensions,
- Green Paper on the Guarantee Insurance Systems,
- consultation of work regarding the intermedia-tion regulations (IMD, PRIPs, MIFiD).
- seminar on insurance fraud at the Police Academy in Szczytno,
- conference on financing natural disaster risks,
- conference on the future of mutual insurance,
- 3rd International Conference on Agricultural Insurance (insurability of drought).

3.3. ACTIVITIES INITIATING AND SUPPORTING THE LEGISLATIVE AND AUTO-REGULATION WORK

One of the most effective forms of support of the legislative work and the auto-regulation initiatives pursued by the Chamber is organisation of open conferences and subject-related seminars. When organising open events – aimed at presenting the positions and exchanging views on important issues concerning the insurance market – the Chamber acquires renown press titles and institutions to act as media patrons. The press conferences organised as part of these events assure appropriate dissemination of information in media. Conference materials in the form of subject-related publications are also published.

In 2010, the Chamber organised 9 academic conferences on the most important aspects of functioning of the insurance market, including:

- a conference on amendment of the Civil Code at the Sejm of the Republic of Poland,
- 2 conferences related to health insurance, one of which under the patronage of the Ministry of Health,
- conference regarding solutions for promotion of the 3rd pillar,

The Polish Chamber of Insurance participated again in the Economic Forum in Krynica (8-11 September 2010) and it organised a separate discussion panel on the topic of the “Role of Private Health Insurance in the Financing of Health-care”. The event aided promotion of the self-government’s proposal concerning private health insurance in Poland.

In order to support the insurers’ staff in implementing the regulations, the Chamber for many years has been organising seminars and training courses dedicated to various technical aspects of running the insurance business. In 2010, 8 free seminars and training courses were offered to the employees of the Polish Chamber of Insurance, in such areas as tax regulations, internal audit rules, accounting, Solvency II and the quality of data in the IT systems of insurance companies. In 2010, the Chamber organised a total of 17 conferences and training courses, attended by over 1,800 people.

3.4. MOST IMPORTANT AUTO-REGULATION INITIATIVES

3.4.1. GOOD BANCASSURANCE PRACTICES

Dynamic growth of bancassurance has shown that the current legal regulations, scattered throughout a number of legal acts, do not fully correspond to the ever changing market conditions. The model of the bank-insurer relationship in the form of group life insurance prevalent on the market raised reservations of the market regulator. It was agreed together with the Polish Bank



Association that the problems identified by the Polish Financial Supervision Authority should be solved by way of implementing the recommendations and good practices. Such procedure allows to achieve the same effect at significantly lower expenditures, while monitoring of implementation of the recommendations provides huge experience which may later serve as the basis for creating a hard law. Such mechanism eliminates potential errors which may have, as the recent years have shown, a significant impact on a stable growth of the insurance market.

In 2010, the good practice recommendation regarding the financial insurance related to mortgage loans was developed jointly with the Polish Banks Association. At the same time, implementation of the recommendation developed in 2009 with regard to protective insurance combined with the bank products was monitored. The representatives of the Ministry of Finance, the Insurance Ombudsman, the Office for Competition and Consumer Protection and the Polish Financial Supervision Authority were ensured a possibility of consultation of both recommendations and their comments affected the final form of the adopted recommendations.

3.4.2. RECOURSE AGREEMENT IN MOTOR INSURANCE

In 2009, the rules of mutual recognition of recourse claims among the insurers were developed. The agreement laid out the rules and method of mutual recognition and adjustment of recourse claims by the perpetrator's insurer (as part of the compulsory motor third-party liability insurance) sent to him by the aggrieved party's insurer who paid the compensation as part of voluntary motor insurance.

The rules of filing and handling recourse claims vary depending on the value of compensation paid for specific claims as part of voluntary motor insurance. The procedure depends on three value ranges of the recourse claim.

The initiative to unify the market practice in the field of mutual recognition of recourse claims was appreciated by the market and in effect 5 new insurers followed the initial 13 and joined

the agreement in 2010, meaning that the agreement now covers over 90% of the motor insurance market in Poland. Further 4 insurers are planned to join in 2011.

In 2010, the existing agreement was improved by way of adding the provisions whereby the party submitting a recourse claim may specify the third-party liability on the basis of the "Traffic Incidents Catalogue" developed by the Chamber and assigning the Chamber with the task of administration of access to information in the scope stipulated in the agreement. .

3.4.3 CONTINUATION OF WORK ON DIRECT SETTLEMENT SYSTEM IN MOTOR INSURANCE

One of the most serious challenges which may have a significant impact on the quality of settling claims and constitute a convenience for the aggrieved parties is the plan to implement a direct claim settlement system in Poland as part of the standardization measures. This system assumes full settlement of a motor claim from the third-party liability insurance of motor vehicle owners, together with the payment of compensation directly by the aggrieved party's insurer within the limits of third-party liability of the perpetrator. It has also been assumed that the direct claim settlement system would function on the basis of reciprocity of insurers acceding the system on the basis of an appropriate agreement.

The basic criterion for implementing the direct claim settlement system is adoption of uniform claim processing standards. To that end, measures were taken in 2010 to promote the traffic incident report form (standardisation of the form and promotion activities), and implementation of the "Traffic Incidents Catalogue" developed by the Polish Chamber of Insurance at insurance companies (e.g. by way of implementing the respective provisions of the recourse agreement. Further measures to be taken include cooperation with the Police Headquarters so that the "Traffic Incidents Catalogue" of the Polish Chamber of Insurance is applied by the Police while preparing their traffic incident reports.

3.4.4 WORK ON THE PERSONAL DATA PROTECTION GOOD PRACTICE CODE FOR INSURANCE

In 2010, the Work Group for development of the Personal Data Protection Good Practice Code for Insurance was established.

The need to create a separate personal data protection practice for the insurance market stems from the insurance market specifics (including the processing of sensitive data) and from the need to continually increase the personal data protection standards at insurance companies due to the sector's image protection.

The work focuses on regulating the most sensitive subject areas: assessment of insurance risk, exchange of data related to combating insurance fraud, retention of insurance records and personal data, rules of processing personal data in the data warehouses and distribution and marketing of insurance services.

The gradually developed subject modules are consulted with the Bureau of the Inspector General for Personal Data Protection, and next they will be assessed by the Office of the Financial Supervision Authority, the Office for Competition and Consumer Protection and the Insurance Ombudsman.

In 2010, the Chamber delegated its representatives to 38 plenary and work meetings of the CEA's bodies, participating in all the opinion-making bodies important from the point of view of the Polish insurance market. The bodies of the CEA and the Polish Chamber of Insurance correspond to one another in the following manner:

4. INTERNATIONAL COOPERATION

4.1 COOPERATION WITH THE CEA

The Polish Chamber of Insurance actively participated in CEA's work by way of involvement of its representatives in the work and meetings of CEA's Committees and Work Groups and by combining CEA's work with the work of various Committees and Work Groups of the Polish Chamber of Insurance.



BODY / CEA COMMITTEE ●.....● BODY/POLISH CHAMBER OF INSURANCE COMMITTEE

Executive Committee ●.....●	Management Board
Non-Life Committee ●.....●	Non-Life Insurance Committee
Motor Steering Group ●.....●	Motor Insurance Committee
Motor Cross-Border Task Force ●.....●	Motor Insurance Committee
General Liability Steering Group ●.....●	Third-Party Liability Sub-Committee
Life Committee ●.....●	Life Insurance Committee
Health Committee ●.....●	Wealth and Accident Committee
Single Market Committee ●.....●	Office of the Polish Chamber of Insurance
Discrimination Task Force ●.....●	Office of the Polish Chamber of Insurance
Distribution Task Force ●.....●	Office of the Polish Chamber of Insurance
Collective Redress Task Force ●.....●	Legal and Legislative Affairs Team
Eco-Fin Committee ●.....●	Economic and Financial Committee
Statistics Committee ●.....●	Economic and Financial Committee
Solvency II Steering Group ●.....●	Solvency II Sub-Committee
Account Steering Group ●.....●	Accounting Sub-Committee
Taxation Committee ●.....●	Tax Sub-Committee
Communication & PR Committee ●.....●	Office of the Polish Chamber of Insurance

4.2 COOPERATION WITH OTHER FOREIGN ORGANISATIONS

The Chamber continued cooperation with the national associations of insurers in Europe. The representatives of the Chamber participated in bilateral meetings with the representatives of the associations from Austria, Belarus, France and Germany.

The delegation of the Polish Chamber of Insurance, in the governing council of the leading Polish insurance companies, participated in presentation of the Polish market at the World Expo in Shanghai, where it presented Polish experience

in building an open and modern insurance market and attended a meeting with the Insurance Association of China (IAC).

The Chamber developed international contacts by way of participating in a conference organised by the International Association of Insurance Supervision which the Polish Chamber of Insurance has been an observing member of for many years. Moreover, the Chamber's representative participated in the sessions of the International Network of Insurance Associations (INIA) which is the most important international forum for exchange of opinions and experiences between the associations of insurers.



5. IMAGE BUILDING ACTIVITIES

The Chamber's activities related to its image were focused around the two key areas: fulfilment of the Chamber's mission relating to the reputation of the insurance sector in Poland and strengthening of the Chamber's image as the industry's representative.

The aim of both areas was to improve the internal and external image of the Polish Chamber of Insurance and the entire insurance sector.

5.1 DEVELOPMENT OF COMMUNICATION OF THE POLISH CHAMBER OF INSURANCE WITH THE EXTERNAL ENVIRONMENT

Thanks to the efforts of the Public Relations and Marketing Department of the Chamber, a professional handling of media and regular cooperation with journalists. Throughout 2010, the mass media were regularly provided with information, commentaries and speeches of the Chamber's representatives, which led to increased presence in the mass media: over 560 features in the press, several dozen on the radio and over 40 on TV. The Chamber also organised 2 press conferences.

Close cooperation with the Marketing the PR departments of insurance companies was continued. A kind of "hotline" was established between the Public Relations and Marketing Department of the Chamber and the corresponding departments of the insurance companies, which enabled a regular exchange of information, approval of the messages to be conveyed and formulation of positions to be presented to the media.

The Chamber continued to publish a newsletter "Internetowy Tygodnik Ubezpieczeniowy" (Insurance Weekly Online) that regularly informed about the Chamber's work, as well as about the most important events pertaining to the insur-

ance industry both in Poland and abroad. In 2010, 44 issues of the Insurance Weekly Online were published in the Polish and English language versions, and the distribution list of the weekly significantly grew (from approx. 2500 addresses at the end of 2009 up to 3400 addresses at the end of 2010).

Expansion of the Internet service is one of the key image building tasks for the Polish Chamber of Insurance. The extranet of the Chamber has been completed in the section dedicated to support of the work of Committees, Sub-Committees, Teams and Work Groups of the Chamber. In 2010, the work on development of the subject-related Internet sites dedicated to various insurance aspects (health insurance and direct insurance), as well as the English version of the service, were advanced. It is scheduled for completion in 2011.

5.2 SPECIAL EVENTS

One of the most important industry events in 2010 was the celebration of the 20th anniversary of the Polish Chamber of Insurance, combined with the international conference on the "Economic Concepts after the Global Crisis". The conference was organised at the Sheraton hotel in Warsaw. The guests included representatives of the governing bodies of the insurance companies, representatives of the European Insurance and Reinsurance Federation (CEA) and representatives of other national associations from Austria, Belarus, Finland, France and Germany. The following persons gave speeches at the conference: E. Prescott, the Noble Prize winner for Economics, T. Persson, the President of the European Insurance and Reinsurance Federation (CEA), Prof. L. Balcerowicz and Prof. W. Orłowski. The celebrations of the anniversary of the Chamber ended with a formal Gala which took place in the Zachęta Exhibition Hall in Warsaw.

In order to promote the most important projects related to development of the insurance market, the Polish Chamber of Insurance participated in the Economic Forum in Krynica. In the edition of 2010, the panel organised by the Chamber on the topic of the "Role of Private Health Insurance in



the Financing of Healthcare” and the accompanying debate attracted a great deal of interest from the Forum participants.

The Chamber regularly participated in the nationwide and worldwide trade fairs and congresses, such as: the Brokers’ Congress, the Bancassurance Forum, the Travel Trade Show – TT Warsaw, “Your Money” Trade Fair.

The Chamber’s tasks also involve integration of the insurance community. This is aided by organisation of special events which are attended by representatives of the insurance sector. Apart from the Gala celebrating the 20th anniversary, in 2010 the Chamber organised sports events for employees of insurance companies: indoor football tournament and competition between the insurers during the Warsaw Marathon.

6. PUBLICATION AND EDUCATIONAL ACTIVITIES

An important role in the Chamber’s educational activities is played by the “Wiadomości Ubezpieczeniowe” (Insurance Digest) journal published since 2007 by the Insurance Education Centre at the request of the Chamber. In 2010, the position of this publication as a reference periodical for insurance science. The editorial work under the supervision of Prof. Jerzy Handschke, was facilitated and Marcin Kawiński, PhD, was appointed in the position of its Scientific Secretary. There were 4 issues of the journal prepared and published in 2010 and its rank increased after it achieved a score of 6 on the list of scientific periodicals of the Ministry of Science and Higher Education.

An important role in the publication activities of the Chamber is played by publication of special editions of the Insurance Digest journal, featuring articles on important and current issues pertain-

ing to the insurance market in Poland, which have become a vital element of promoting insurance knowledge. In 2010, 3 such publications were issued: Damages after the amendment of Article 446 of the Civil Code, Role of the insurance sector in socioeconomic development of Poland, Third pillar – the recipe for a higher pension.

In 2010, the annual report on insurance in Poland was published. The Chamber prepared the report on the insurance market in Poland for the representatives of the state administration: for the Head of the Team of Advisors of the Prime Minister of the Republic of Poland and for the President of the Republic of Poland, and the report on barriers to development of health insurance for the Ministry of Health and the Ministry of Finance. The Chamber also provided the media with regular commentaries and analysis pertaining to the insurance market in Poland and in Europe.

The Chamber organised the next edition of the Leon Kozicki Competition for the best MA theses and the Competition for the Prize of the Polish Chamber of Insurance for the Journalist. Once again, the Chamber held the competition for the best paper on insurance risk as part of the finals of the Economic Knowledge Contest (EKC) organised by the Ministry of National Education.

A new element of the Chamber’s educational activities was the initiative pursued jointly with the Faculty of Economic Sciences of the Warsaw University: “Insurance Knowledge Sharing Programme”. The programme involved delivery of regular seminars of insurance experts, representing individual insurance companies, at the Faculty. A traineeship programme was also commenced at the Chamber. The Chamber also supported insurance initiatives of scientific groups at the leading universities and assumed patronage over the pioneering course for risk managers, organised by the Risk Management Association in Poland (POLRISK).



ACTIVITIES OF THE INSURANCE SELF-GOVERNMENT

The following Committees, Sub-Committees, Teams and Work Groups operated in 2010:

- Economic and Financial Committee
 - Solvency II Sub-Committee
 - Accounting and Reporting Sub-Committee
 - Tax Sub-Committee
 - Audit and Internal Control Sub-Committee
- Life Insurance Committee
- Health and Accident Insurance Committee
- Non-life Insurance Committee
 - Agricultural Insurance Sub-Committee
 - Reinsurance Sub-Committee
 - Third-Party Liability Insurance Sub-Committee
- Motor Insurance Committee
- Insurance Fraud Prevention Committee
- Mutual Insurance Companies Committee
- Information Management Committee
 - IT Sub-Committee
 - Information Standardisation Sub-Committee
 - Statistical Database Sub-Committee
 - Reported Claims Database Sub-Committee
- Legal and Legislative Affairs Team
- Direct Insurance Team
- Foreign Branch Team
- Bancassurance Team
- Natural Disaster Insurance Work Group
- Work Group for Anti-money Laundering
- Travel Insurance Work Group
- Insurance Intermediation Work Group



1. COMMITTEES AND SUB-COMMITTEES

ECONOMIC AND FINANCIAL COMMITTEE

Chairman

– Przemysław Dąbrowski

Secretary

– Piotr Piórek

In 2010, similarly to previous years, the Committee conducted activities related to coordination of its four Sub-Committees.

In 2010, a field meeting of the Committee was held along with a presentation of Deloitte on implementation of the Solvency II Directive. Current issues identified during the QIS5 were discussed. Also, the solutions arising from the Directive and IFRS4 in its second phase were compared during the meeting.

SOLVENCY II SUB-COMMITTEE

Chairman

– Robert Pusz

Secretary

– Piotr Piórek

Meetings of the Solvency II Sub-Committee in 2010 focused, among others, on assessment of the impact of Solvency II on insurance companies, geographic diversification, second level implementing measures, QIS 5, calibration of simplified models and regulations amendments within Solvency II and the national laws. Additionally, via electronic mail, the Sub-Committee on an ongoing basis worked in order to agree Polish market's position on the proposal of specific second level implementing measures and templates of future reporting sheets within the third level. Workshops organised in October 2010 by the Chamber and the CEA were all devoted to QIS 5. One of the key issues reported by property insurers in Poland is incorrect calibration of the natural disaster risk which causes the capital requirement to be much higher than expected. The issue

has been reported to the CEA and will be subject to consultations.

In 2010, the Chamber and Deloitte organised a seminar on the pre-application process which insurance companies may use if, in the future, they intend to determine their capital requirement on the basis of the internal model. The Polish Financial Supervision Authority provided an option to participate in the pre-application process in January 2011.

The Subcommittee on an ongoing basis updated the Solvency II section on the Chamber's website as well as the materials provided in the e-room – virtual space set up on Deloitte's server for persons participating in the Solvency II Sub-Committee.

In late 2010, initial versions of two letters to the Ministry of Finance were drawn up. One of the letters referred to standardisation of provisions of the Solvency II, IFRS and national laws to ensure that there is no need to use triple accounting in the future. The other letter concerned equal treatment of all the European Union states in which Solvency II is to be introduced, in terms of application of the illiquidity premium and the definition of risk free rates.

ACCOUNTING AND REPORTING SUB-COMMITTEE

Chairwoman

– Agnieszka Lewandowska

Secretary

– Piotr Piórek

In connection with various issues reported by insurance companies with regard to the Regulation of the Minister of Finance on the Annual and Semi-Annual Reporting of the Insurance Capital Fund, a special Work Group was appointed within the Accounting Sub-Committee in order to draw up a draft of the new regulation. The Work Group includes representatives of the Chamber, insurance companies and the Polish Financial Supervision Authority. The outcome of the Work Group's efforts is a specific new draft of the Regulation of the Minister of Finance on Annual and Semi-Annual Reporting of the Insurance Capital Fund. The Chamber sent the draft to the Minister of Finance



along with a request to consider it outside the Ministry's legislative work schedule. The Ministry of Finance commenced legislative work on the regulation in cooperation with the Chamber and the draft consultations have already been completed. The new regulation should be effective already for the annual and semi-annual reports submitted in 2011. The newly developed regulations on insurance capital fund reporting eliminate the inaccuracies identified in the existing provisions, considerably simplify the reporting, and ensure explicit interpretation for each item in the reports, among others by adding detailed explanations for each report type and by sanctioning the existing practice concerning supplementation of the reporting data with additionally published data on the insurance funds in a descriptive or graphic form.

The Sub-Committee prepared comments on draft regulations concerning quarterly and additional annual financial and statistical statements of insurance companies and reinsurance companies and submitted the comments to the Ministry of Finance. The legislators took the comments into account to a significant extent.

The Sub-Committee closely followed the process of work on IFRS4. Opinions from the Polish market were forwarded to IASB through the Chamber's representative in the Work Group for CEA Accounting.

TAX SUB-COMMITTEE

Chairman
– Sławomir Chwierut
Secretary
– Piotr Piórek

The main area of the Tax Sub-Committee's activity in 2010 was active participation of its representatives in the works related to amendment of the law on tax on goods and services for 2011. The Government's draft of changes in the law lacked provisions on tax relieves for services supporting insurance activity. Without those relieves, expenses of insurance companies would increase by 23% VAT or insurance companies would need to experience considerable complications during organisational restructuring.

In a letter of 29 July 2010, the Chamber submitted to the Public Finances Committee its comments on this matter along with a proposal of specific amendments taking into account provisions of Directive 2006/112/EC on the common system of value added tax and the judicial practice of the European Union's Court of Justice.

In August 2010, a representative of the Tax Sub-Committee participated in the Public Finances Committee of the Sejm of the Republic of Poland during the work on a draft amendment of the VAT Act. As a result of the proposals submitted by the Tax Sub-Committee and the banking sector representatives, the new amendment in the tax regulations will include the key VAT relief for activities supporting the insurance services.

As part of the aforementioned legislative process, on 14 October 2010, representatives of the Tax Committee participated in the work of the Budget and Public Finances Committee of the Senate of the Republic of Poland.

Moreover, during 2010, the Tax Sub-Committee participated actively in assessment of the Ministry's another draft amendment in the VAT law which provided for changes in VAT rates for 2011 and the deductible proportion of VAT (2%). The Governmental changes would significantly hinder the operations of insurance companies and increase their costs of tax services by introducing certain VAT deductions (without the possibility to classify the full gross amount of an invoice as tax deductible income).

In a letter of 16 September 2010, the Chamber proposed a compromise solution which enabled each taxpayer to choose whether to deduct 1% of the tax from VAT invoices or maintain the existing possibility to use the full invoice amount in the income tax settlement. The proposal was accepted by the Ministry of Finance and was fully incorporated into the Governmental draft amendment presented to the Sejm of the Republic of Poland. In November 2010, the Committee also organised a training called "Impact of the 2011 tax law amendments on operations of insurers" for tax teams at insurance companies.



AUDIT AND INTERNAL CONTROL SUB-COMMITTEE

Chairwoman

– Elżbieta Szambelan-Bakuła

Secretary

– Piotr Piórek

In 2010, the Audit and Internal Control Sub-Committee prepared the second part of the audit programmes of selected processes/areas at insurance companies – the first part was published in December 2009. The second part, published in a form of a brochure in December 2010, includes audit programmes for the product development process, premium calculation and monitoring, sales process, and investment management process, as well as the information security audit programme which is an update of the document developed in 2005.

In 2010, the Audit and Internal Control Sub-Committee appointed a Work Group for development of a model of cooperation between internal and external auditors. The proposed model can serve as an adequate and practical standard for insurance companies. Apart from the representatives of the Chamber and insurance companies (Secretary and three Members of the Audit and Internal Control Sub-Committee), the Work Group was composed of representatives of the National Chamber of Statutory Auditors, the Polish Financial Supervision Authority and Ernst & Young invited by Chairman of the Economic and Financial Committee.

Such composition of the Work Group developing the cooperation standards ensures equal representation of both sides – internal and external auditors – in order to take advantage of the experience of insurance companies, audit companies, and internal auditors both during development and acceptance of the cooperation models.

By the end of 2010, the Work Group developed a concept and introduced changes to the draft document of guidelines (good practices) to cooperation between internal and external auditors, which was prepared by members of the Work Group.

The draft was submitted for acceptance of Members of the Audit and Internal Control Sub-Com-

mittee. The final document is to be published in a form of a brochure in the first half of 2011.

LIFE INSURANCE COMMITTEE

Chairman

– Piotr Szczepiórkowski

Secretary

– Grzegorz Krasieński

The priority tasks of the Life Insurance Committee in 2010 included activities focusing on: implementation of real preferences for persons saving under the 3rd pillar of the reformed pension system (Individual Pension Account, Employee Pension Programme), or more widely, implementation of tax preferences for all long-term saving plans; amendment of the unfavourable interpretation of the public procurement law issued by the Public Procurement Office, i.e. ensuring permission to enter into group life insurance without the need to apply a procurement procedure for, among others, local government units; participation in consultations regarding draft assumptions for the Act on Reverse Mortgage Loan; agreeing the insurance sector's position on draft regulations prepared by the European Union with regard to insurance guarantee systems.

The Life Insurance Committee's activities related to supporting the solutions of introducing real preferences for those using the voluntary savings products under the 3rd pillar of the pension system focused on the draft act submitted by Civic Legislative Initiative Committee "Razem". The matter was brought up many times during speeches delivered by members of the Life Insurance Committee at seminars and conferences and in the communications with the Ministry of Labour and Social Policy. The Chamber obtained expert opinions which clearly indicate the need to adjust Polish norms to the EET tax regime commonly applied across the EU, i.e. tax exemptions for premiums and gains on investments at the expense of tax on benefits.

In May 2010, the Chamber held a conference on the "3rd Pillar – Recipe for Higher Pension". The conference presentations included, among others, diagnosis of the additional pension provision market, macroeconomic aspects of pension pro-

vision, and status and development of the pension products market.

The conference materials were published in a special edition of the "Wiadomości Ubezpieczeniowe" journal. The document that attracted particular interest was a study prepared by dr Michał Herbich at the request of the Chamber - "Diagnosis, analysis and simulation of variants of the possible insurance forms of voluntary pension programmes on the Polish market". The analysis and conclusions presented in the publication referred to the extensive discussion on changes in the pension system.

The Chamber's representatives participated in the work of the CEA, both the Life Insurance Committee and the special Work Group appointed to work on the European Commission's Green Paper on Pensions. The proposals submitted by the Chamber were incorporated in the CEA's position presented as part of the European consultations. The CEA's position stresses the significance of preferences for voluntary pension savings.

One of the most important activities was the Chamber's intervention regarding the interpretation issued by the Public Procurement Office with regard to procurement of group employee life insurance. The Committee agreed a position questioning the Public Procurement Office's interpretation on the obligation to hold tenders for group life insurance addressed to employees of public administration units, self-government units, and state owned companies. Moreover, the Chamber asked the EC Internal Market and Services Directorate General to specify classification of group insurance agreements in the light of the European public procurement law. With the assistance of external experts, the Chamber prepared a number of variants of proposed legislative changes that clearly release the group life insurance agreements, in which the premium is financed by employees, from the public procurement law regime. A proposal to consider changes in respective regulations was submitted to the Minister of Finance.

As part of an extensive discussion in June 2010, following the Chamber's initiative, a conference on the "Group life insurance and the public procurement law" was organised in Toruń at the Law and Administration Faculty of the Nicolaus Copernicus University.

nicus University.

Within its third task, the Chamber's representatives and invited experts participated actively in a consensus conference and presented a view that the market of reverse mortgage products should be open to institutions other than banks, e.g. insurance companies. On 24 November 2010, during a meeting at the Ministry of Finance, the Chamber was assured that the solutions extending the list of entities authorised to offer reverse mortgage products had been assessed positively and would be supported. Representatives of the Ministry of Finance confirmed that they would take steps to develop a solution allowing insurance institutions to offer reverse mortgage products.

Regarding the fourth item of the work plan, which referred to legislative changes in the system of guarantees for holders of life insurance policies, it was resolved that the existing system sufficiently secures the interests of customers and any change in the system should be correlated with the regulations planned by the European Commission which are to affect all EU Member States. It was agreed that the preferred new guarantee system should be based on the principle of agreement continuation rather than payment of a limited amount, as the insured person is more interested in maintaining the policy on the existing terms rather than receiving partial compensation.

The Committee also participated in evaluation of normative and legislative projects concerning life insurance.

HEALTH AND ACCIDENT INSURANCE COMMITTEE

Chairman

– Paweł Kalbarczyk

Secretary

– Jakub Owoc

In 2010, the Health and Accident Insurance Committee initiated a number of activities aimed at managing the status and promotion of health insurance. The Committee focused on adjustment of the legal status of health insurance and medical subscriptions in the light of the Act on Insur-



ance Activity and other legal regulations. For the purpose of those activities, the Committee developed a study in cooperation with the law firm Domański Zakrzewski Palinka, drew up an action plan strategy, and met with the Government and Parliament representatives as well as healthcare and legal experts.

The Committee promoted the healthcare system concept based on private payers (the Chamber's project) to the public, updated the 2008 report on "Building of a private health insurance system in Poland. Proposal of changes", and published a translated version of the "Euro Health Consumer Index 2009" report, according to which the best healthcare system is one that is based on competitive payers – the Dutch model.

The Committee's activities also included preparation of a report "Barriers in Development of Private Health Insurance in Poland" – April 2010 for the Ministry of Health and the Ministry of Finance as well as assessment of the proposal of the Ministry of Health concerning the provisions of the assumptions and the Act on Additional Health Insurance.

The Committee participated in a number of conferences and seminars::

- 25 March – participation in a working breakfast with the Minister Jakub Szulc organised by the British Polish Chamber of Commerce
- 15 April – participation in a debate "Health insurance and efficiency of the health care system" at the Management Faculty of the University of Warsaw
- 7 and 28 April – patron and participant in the conference: "Future of Health Care in Poland – the System" and "Future of Health Care in Poland – the Finances" organised by the Health Project Management
- 9 April – organisation of a conference on "Private Hospital Insurance – opportunities, challenges and limitations". Patrons: the Ministry of Health, Law Firm Domański Zakrzewski Palinka, the Association of Polish Counties, the Association of Health Care Managers, the Polish Association of Non-Public Self-Government Hospitals, the Polish Association of Non-Public Hospitals, the Polish Association of Hospital Managers. Preparation of a "Private Health In-

urance" supplement to an edition of Puls Biznesu daily

- 8-11 September – co-organisation of the Health Trail during the 20th Economic Forum in Krynica – 2010; organisation of an international discussion panel: "Role of private health insurance in financing of the health care system – choice options for Poland"
- 20 October – organisation of a conference, in cooperation with and under patronage of the Ministry of Health, entitled "Role and place of private health insurance in the health care system in Poland" (at the conference, the Ministry of Health announced its assumptions for the Act on Additional Health Insurance).

NON-LIFE INSURANCE COMMITTEE

Chairman

– Witold Janusz

Secretary

– Andrzej Pityński

The Non-life Insurance Committee in 2010 initiated a discussion on the use of standards of minimum information requirements by underwriters at conclusion of insurance agreements. The work was aimed at introduction of good practices that will help insurance companies to manage the insurance risk more effectively. Consistent approach in the area of information collection may ensure higher profitability to the relevant business lines. Another area in which activities were undertaken were the templates of reinsurance agreements. High value industrial and commercial facilities are often insured under a collective agreement of a number of plants. Presently, such agreements are usually drawn up individually for each case which is a time consuming process. Templates of such agreements, which could operate on a good practice basis, may considerably shorten the process of negotiating and concluding the insurance agreement.

An important achievement of the Committee was the development and approval of provisions for the agreement on mutual recognition of recourse claims in property insurance. The agreement regulates areas related to the rules of submitting claims, mutual assessment of damages and meth-

ods of securing the transfer of data with particular consideration of personal data protection. Implementation of the agreement helped to streamline and increase the effectiveness of the process of recourse claims settlement. The initiative was joined by ten insurance companies which jointly have over a 90% shares in the Polish property insurance market.

THIRD-PARTY LIABILITY INSURANCE SUB-COMMITTEE

Chairman
– Piotr Wójcik
Secretary
– Andrzej Pityński

The Third-Party Liability Insurance Sub-Committee during its meetings in 2010 discussed primarily the problems and trends associated with the obligatory non-motor insurance for given professional groups.

Based on legislative works related to regulations of the Minister of Finance on the obligatory third party liability insurance of the organisers of mass events, physicians practicing in the Republic of Poland, experts issuing energy performance certificates for a building, residential premises or a part of a building constituting an independent technical and functional whole, the Sub-Committee formulated assumptions for the conference on obligatory third party liability insurance (except for motor third party liability insurance) which was held on 20 June 2011 in the building of the Sejm of the Republic of Poland.

Moreover, conclusions were submitted to the Minister of Finance in order to support the extension of vacatio legis for regulations introducing new, or modifying the existing, third party liability insurance types, and therefore, help insurance companies to prepare for introduction of such insurance products to the market.

AGRICULTURAL INSURANCE SUB-COMMITTEE

Chairman
– Konrad Rojewski
Secretary
– Andrzej Pityński

The meetings of the Agricultural Insurance Sub-Committee in 2010 focused mainly on matters related to the Crop and Livestock Insurance Act. As a result of the Chamber's actions, the submission and settlement dates for insurance aid applications for the last quarter of the year were modified. With the date moved to 20 January, insurance companies are able to prepare the aid settlement applications after closing previous reporting periods.

Members of the Sub-Committee took steps to establish regular communication with agricultural organisations. The Sub-Committee established cooperation with the association of rapeseed producers. The Chamber started preparation of procedures of cooperation with agriculture chambers or other agricultural organisations during assessment of legal acts.

On initiative and under direction of the Agricultural Insurance Sub-Committee, the Chamber organised an international seminar on "Directions of Changes in Crop Insurance in Poland – protection in the event of drought" which was held on 30 November 2010. The purpose of the seminar was to diagnose problems related to droughts in Poland, present projects implemented so far, and seek solutions allowing effective elimination of the impact of droughts in Polish agriculture. The seminar participants discussed the need to introduce drought insurance solutions from the perspective of insurance companies and examples of solutions used on the Austrian and Spanish markets.

REINSURANCE SUB-COMMITTEE

Chairwoman
– Monika Woźniak-Makarska
Secretary
– Andrzej Pityński

On 1 June 2011, the Chamber, in cooperation with Deloitte, organised a seminar on the pre-application process of internal models and reporting of insurance companies for public and supervision purposes as part of the work on implementation of the Solvency II Directive. The seminar was addressed primarily to employees of actuarial, risk management, and audit and internal control de-



partments at insurance companies.

Members of the Sub-Committee assessed the methodology of determining the amount of equity which insurance companies would need to hold under the Solvency II models. Their conclusions were used in discussions with representatives of the Polish Financial Supervision Authority, who consequently proposed lower risk aggregation values that are more favourable to insurance companies..

MOTOR INSURANCE COMMITTEE

Chairwoman

– Katarzyna Lewandowska

Secretary

– Krzysztof Glinka

In 2010, the work of the Motor Insurance Committee focused on two main areas i.e. legislative activity and promotion solutions to support the development of the motor insurance. The Committee participated in meetings of the Insurance Law Review Team of the Financial Market Development Council at the Ministry of Finance during the work on amendment of the Act on Obligatory Insurance, Insurance Guarantee Fund and Polish Motor Insurers Bureau as well as the Act on Insurance Activity.

The Committee represented the Chamber in the legislative work on motor insurance, particularly:

- the draft assumptions for the draft Act on Amendment of the Code of Penal Procedure with regard to securing of claims under obligatory motor liability insurance – possibility for the aggrieved party, or a person close to the aggrieved party, to request the court, the prosecutor, to order a prepayment of the claim if the evidence gathered in the case indicate high probability that the given person has committed an offence under article 173 or article 177 of the Penal Code;
- claim payment on the basis of a cost estimate – participation in legislative work on maintaining the current manner of claim settlement (i.e. bills or a cost estimate);
- maintaining the obligation for owners of trailers to obtain a third party liability insurance and specification of the rules of reducing the

third party liability insurance premium in the event of temporary deregistration of a vehicle;

- support for the campaign for extending the GVO directive organised by ECAR (The European Campaign for the Freedom of the Automotive Parts and Repair Market) – maintaining the regulations allowing the insurers to use alternative parts in the claim settlement process.

The Committee prepared solutions supporting development of the motor insurance and conducted activities aimed at motor insurance promotion, e.g. prepared a publication entitled “Rules of replacement car rental within the obligatory motor third party liability insurance”, implemented a standardised template of the motor insurance record certificate, developed assumptions for further actions within the direct claim settlement system.

PREVENTION OF INSURANCE FRAUD COMMITTEE

Chairman

– Robert Dąbrowski

Secretary

– Andrzej Pityński

During its meetings in 2010, the Fraud Committee discussed matters related to insurance fraud. The Committee regularly conducts studies regarding insurance frauds in Poland. Due to cyclical nature of the studies and application of a proven methodology, the studies guarantee reliability of information, while conclusions derived from their results can be used for assessment of the system solutions introduced in order to limit the insurance fraud practices and preparation of insurance companies for preventing potential future threats. In 2010, a report entitled “Analysis of data on frauds identified in 2009 at insurance companies” was published. The report presents data for insurances from Branch 1 and 2 and examples of specific fraud attempts and fraud methods used. The report closes with a summary stipulating recommendations for counteracting fraudulent activity in insurance.

Preparation of the report was preceded by identification of facts based on which the insurance companies could send information on the discovered

cases of insurance frauds.

The work of Insurance Fraud Prevention Committee was also concentrated on development of information exchange standards which insurance companies can use to share information on motor insurance claims. The aim of the procedures developed in the process was, in particular, to ensure appropriate security measures in the context of compliance with personal data protection regulations.

Members of the Committee were involved in preparation and delivery of the following events:

- 13th International "Insurance Fraud" Conference held on 12-13 March 2010 in Szczecin. The following matters were discussed during the conference:

1. international exchange of insurance information between the Eastern and Western Europe states,
2. Polish science and insurance fraud,
3. insurance fraud in life and non-life insurance.

- A Conference in Szczytno was held on 11-13 October 2010 in cooperation with the Police Academy in Szczytno. The conference participants discussed, among others, the aspects of identifying and counteracting frauds related to the use of false insurance documentation..

MUTUAL INSURANCE COMPANIES COMMITTEE

Chairwoman
– Maria Kuchlewska
Secretary
– Paweł Ilnicki

The main issues addressed at the meetings of the Mutual Insurance Companies Committee in 2010 included development of a position of mutual insurance companies with regard to SERP legislation, discussion on and development of draft regulations for mutual insurance companies in legal regulations implementing the Solvency II Directive and matters related to organisation of the conference on mutual insurance companies. In 2010, the Committee was the conceptual organiser of the international conference on "Mutual insurance in Poland – twilight or new opportunities for mutual insurers" which was held

on 22 November 2010. Among the conference speakers there were Maria Kuchlewska – Chairwoman of the Mutual Insurance Companies Committee and Gregor Pozniak – Secretary General of the Association of Mutual Insurers and Insurance Cooperatives in Europe (AMICE). The aim of the conference was to advocate the idea and concept of mutual insurance and emphasise the barriers and challenges in the growth of mutual insurance companies in the context of implementing the Solvency II Directive.

INSURANCE INTERMEDIATION COMMITTEE

Chairman
– Hubert Grochowski
Secretary
– Andrzej Kiciński

The Committee was established to propose amendments to the Act on Insurance Intermediation as part of the activity of the Financial Market Development Council at the Ministry of Finance. The work on amendment of the act has been suspended until revision of the Insurance Mediation Directive (IMD) is completed and a new Directive (IMD II) is developed. In 2010, representatives of the Committee participated actively in the work of the Distribution Task Force appointed within the CEA in order to agree assumptions, the position, and proposals of the insurance sector with regard to the new Insurance Mediation Directive. The Committee's work was focused on the issue of streamlining the process of registering insurance agents, which resulted in the Minister of Finance adopting the regulation on submission of applications for entry or amendment of an entry in the register of insurance agents and a list of documents attached to such applications. The regulation was adopted due to the Chamber's proposal to introduce electronic applications at the Register of Insurance Agents in order to accelerate the process of reviewing the applications by the Polish Financial Supervision Authority. Moreover, the Committee actively participated in assessment of the draft Act on Reducing Administrative Barriers to the Citizens and Entrepreneurs and opted for excluding the amendment



of the Act on Insurance Intermediation from the draft – the proposal was taken into account by the Ministry of Economy during subsequent work on the draft.

The Committee also addressed the issue of normalising the rules governing the operations of claims agents and making them subject to the same laws as other participants of the insurance market.

INFORMATION MANAGEMENT COMMITTEE

Chairman

– Tomasz Chelmicki

Secretary

– Stefan Szyszko

The Information Management Committee members include the Chairman of the Sub-Committees: IT, Information Standardisation, Statistical Database and Reported Claims Database. Similarly to previous years, in 2010, the Committee integrated activities of its Sub-committees and, while acting as an assessment and advisory body for the Management Board, presented opinions and conclusions regarding legislative activities and market practices.

The Committee assessed the needs and development possibilities of the IT infrastructure in insurance activity, and in particular, issued opinions on the existing and planned regulations on application of IT systems in insurance activity and information management processes in insurance companies. In this area, the Committee participated actively in the Work Group for the Central Register of Vehicles and Drivers which was established to support the insurance sector's arguments regarding the benefits of the Register. Additionally, the Committee assisted the Work Group for the Road Traffic Support System which was established in 2010 in order to liaise with the General Police Headquarters during development of the Central System of Insurance Companies – an interface designed to enable insurers to access the Road Traffic Support System.

The Committee's efforts resulted in development of a functional specification for the Central System of Insurance Companies which was presented to the General Police Headquarters as part of

the project initiated by the Police in relation to building the Road Traffic Support System. Moreover, the Committee conducted extensive consultations within its Sub-Committees in the area of analysis of changes in the general and insurance law from the perspective of personal data and database security. With regard to legislative norms, the Committee actively participated in the process of issuing opinions on the amendment acts important to the insurance sector in terms of ensuring wider access to public information, state registers, and elimination of legal and financial obstacles to information exchange.

The Committee also carried out specific consultations regarding changes in the following legal acts: Personal Data Protection, Insurance Intermediation, Disclosure of Business Information, Disclosure of Information from the PESEL (personal identification number) System and the Register of ID Cards, Electronic Signature, as well as the Act on Central Register of Vehicles and Drivers which is important to insurance companies and for which efforts were made to ensure that insurers have free-of-charge access to the Central Register of Vehicles and the Central Register of Drivers. In addition, the Committee participated in assessment of the "Governmental Programme for Protection of Cyberspace of the Republic of Poland for 2011-2016" implemented by the Ministry of the Interior and Administration and the works on regulations concerning personal data protection which are carried out at the CEA. Due to suspension of the work on assessment and substantive authorisation of the project of building, implementation and operation of databases, the Committee decided to combine the activities of the IT Sub-Committee and the Information Standardisation Sub-Committee into one Information Protection and Information Standardisation Sub-Committee and for a time being suspend the activity of the Reported Claims Database Sub-Committee.

INFORMATION STANDARDISATION SUB-COMMITTEE

Chairman
– Wojciech Gruszecki
Secretary
– Stefan Szyszko

In 2010, the Sub-Committee supported the work of the Insurance Information Management Department which was focusing its activities on amendment of the law on providing insurance companies with access to central reference registers in order to validate data in their IT systems. The Sub-Committee advocated, among other, a free-of-charge and direct access to the Central Register of Vehicles and Drivers. The Sub-Committee also issued opinions on the design of the system used for exchanging claims information among insurance companies in order to counteract insurance frauds and assisted the Insurance Fraud Committee in revival of the Road Traffic Support System design, in cooperation with the General Police Headquarters, in order to support insurance fraud prevention.

The Sub-Committee was among the consultants for the “Governmental Programme for Protection of Cyberspace of the Republic of Poland for 2011-2016”, coordinated by the Ministry of the Interior and Administration. Moreover, the Sub-Committee participated in assessment of the following legislative acts: draft Act on Central Register of Vehicles and Central Register of Drivers, draft amendment of the Act on Personal Data Protection, draft Act on Reducing Administrative Barriers to the Citizens and Entrepreneurs, draft Regulation of the Minister of Finance regarding the manner of submitting applications for entry or amendment of entry to the Register of Insurance Agents, the legislative package of the Minister of the Interior and Administration, regulating the rules of using the EPUAP platform, draft Regulation regarding preparation of letters in the form of electronic documents, Regulation of the Council of Ministers regarding fees for providing access to data from the registers of residents, registers of residence addresses of foreign nationals and PESEL [personal identification number] register. As part of its educational activity, the Sub-Com-

mittee authorised organisation of two seminars of the Chamber within the series entitled “Quality of data in IT systems of insurance companies”. Each of the seminars was attended by a significant number of representatives of the insurance sector..

IT SUB-COMMITTEE

Chairman
– Wojciech Gruszecki
Secretary
– Stefan Szyszko

The Sub-Committee's primary task was the legislative work in the areas which increase efficiency of the insurers investing in IT. The Sub-Committee actively participated in amendment of the Act on the Central Register of Vehicles and Drivers in terms of the availability of the register for insurance companies and the work on the insurers' electronic access to the Road Traffic Support System. Moreover, the Sub-Committee participated in amendment of the Act on Personal Data Protection, where they advocated the elimination of barriers for the Information Security Administrators and Database Administrators. In the field of personal data protection, the Sub-Committee appointed a Work Team to develop the Code of Good Practices for Personal Data Protection in Insurance. The Work Team will continue its work in 2011.

The Sub-Committee also assisted the Chamber's Insurance Fraud Committee in their work related to the system enabling insurance companies to share claim information. The Sub-Committee supported the initiative to develop mechanisms for prevention of and counteracting insurance frauds and sharing of information from databases created for that purpose. The Sub-Committee was also among the consultants for the “Governmental Programme for Protection of Cyberspace of the Republic of Poland for 2011-2016” carried out by the Ministry of the Interior and Administration. In the opinion of the Sub-Committee, this matter is significant to the insurance sector for two main reasons: the increasing share of electronic business in the operations of insurers, which is evidenced by the increasing significance of the direct model, and the Proposal of the Government Security Centre that one of the incentives for participation of the private sector in the Programme should be the discounts in



premiums paid for the business interruption insurance)].

STATISTICAL DATABASE SUB-COMMITTEE

Chairman

– Arkadiusz Krzemiński

Secretary

– Stefan Szyszko

The main objective of the Sub-Committee for 2010 was substantive authorisation of work of the Chamber's Insurance Information Management Department on development of the functionalities of the Insurance Market Statistics Database Branch 2 in terms of its integration with business processes at insurance companies. The database has been in place since 2007 and thanks to active promotion the percentage of insurers using the information acquired from monthly reports in the database has already reached 90% of the market.

Due to difficulties in obtaining from Branch 1 insurers their declarations of accession to the parallel project of implementing a statistical database for life insurance, which could ensure useful information coverage from a business perspective, the Sub-Committee focused its efforts on attracting new business partners for the Branch 2 statistical database, including companies offering direct insurance products and insurers with their main offices in Poland. The Sub-Committee focused its work on the need to increase the scope of statistical data collected by the Chamber and extend the analysis of statistical data quality. In that area, the Sub-Committee cooperated with the Branch Team, the Direct Insurance Team, and the Property Insurance Committee. The efforts to launch the statistics database for Branch 1 will be continued in 2011.

REPORTED CLAIMS DATABASE SUB-COMMITTEE

Chairwoman

– Joanna Miszczak

Secretary

– Stefan Szyszko

The decision whether to continue the project of building and implementing the Chamber's databases for reported claims as well as claims and benefits paid under personal insurance has been postponed until completion of the Insurance Database Project carried out together with UFG. The Sub-Committee remained in operation in 2010 chiefly in order to support that project. Additionally, the Sub-Committee was a consultant for solutions developed by the Insurance Fraud Committee with regard to exchange of claims information for fraud prevention as well as some of the solutions in the Road Traffic Support System project. Moreover, the Sub-Committee participated in consultations on certain aspects of legislative drafts related to insurance frauds in the area of claim processing and settlement.

Considering that the work on the Chamber's claims database is not planned to be maintained in 2011 (except for the area covered by the Insurance Database Project) the activity of the Sub-Committee was discontinued in 2010.

2. TEAMS AND WORK GROUPS

LEGAL AND LEGISLATIVE AFFAIRS TEAM

Chairman

– Andrzej Gładysz

Secretary

– Waldemar Kowalski

The main task of the Legal and Legislative Affairs Team in 2010 was to discuss and commence work on development of draft provisions for the Civil Code with regard to insurance agreements. Additionally, the Team worked on the Chamber's project of building a platform enabling insurers to exchange information on proceedings initiated by the Office for Competition and Consumer Protection in relation to abusive clauses.

A regular item on the agenda of each meeting of the Team was the review of current legislative issues related to the insurance market. The Team



discussed the main assumptions and solutions included in draft acts and secondary legislation at various stages of the legislative process. Particular attention was paid to the work of the Work Group for the review of the commercial insurance law which operates as part of the Financial Market Development Council at the Ministry of Finance as well as the draft acts amending the Act on Insurance Activity and the Act on Compulsory Insurance, the Insurance Guarantee Fund and the Polish Motor Insurers' Bureau.

The Team also discussed, on an ongoing basis, the legal problems associated with the operations of insurance companies pertaining to the interpretation and application of the law, among others, by the Polish Financial Supervision Authority, the Office for Competition and Consumer Protection and the Public Procurement Office.

DIRECT INSURANCE TEAM

Chairman

– Paweł Zylm

Secretary

– Marek Kurowski

The Team's task in 2010 was to issue opinions on legal acts, initiate legal and organisational solutions, develop standards and recommendations of best practices, monitor and analyse the market, share experience and support the Chamber's communication related to the conclusion and processing of direct insurance contracts.

In order to ensure reliable information on its market segment, the Team worked in 2010 on developing a system of monitoring the direct insurance sales by preparing relevant definitions and the scope of collected information. The project of monitoring the direct insurance sales market is to be launched by the Chamber in 2011.

At the same time, in cooperation with marketing directors of direct insurers, the Team worked on creating a website dedicated to information on and promotion of the direct insurance model. The website www.poznajdirect.pl will be launched in 2011.

FOREIGN BRANCH TEAM

Chairwoman

– Beata Siwczyńska-Antosiewicz

Secretary

– Marek Kurowski

The main objective of the Team in 2010 was to identify problems, seek solutions and issue opinions on drafts of legal acts concerning operations of insurance companies in Poland organised in the form of branches of foreign insurers.

In 2010, the Team worked on solving the issue of legal and judicial capacity of the branches and developed appropriate solutions for the new Act on Insurance Activity.

At the same time, the Team conducted consultations to determine if branches of foreign insurers operating in Poland would be joining the project of monitoring the Non-life insurance market (Insurance Market Statistics Database Non-life) in order to acquire full and current information on the size and growth of the insurance market in Poland. The work will be continued in 2011.

BANCASSURANCE TEAM

Chairwoman

– Małgorzata Knut

Secretary

– Grzegorz Krasieński

The Team's tasks in 2010 included in particular work on the recommendations of good practices on the Polish bancassurance market. In cooperation with the Polish Bank Association, the Team finished preparing Recommendation II on good practices in the financial insurance associated with banking products. After a 6-month preparation period, the recommendations were implemented at all member banks of the Polish Bank Association as of 1 July 2010. The consultation process held by the Chamber and the Polish Bank Association for the recommendations was participated by such institutions as the Ministry of Finance, the Insurance Ombudsman, the Office for Consumer and Competition Protection, the Polish Financial Supervision Authority, the Government Plenipotentiary for Equal Treatment and the Civil Rights Ombudsman. The aim of de-



veloping the recommendation was to improve the status of bank customers in terms of access to accurate and full information about their rights and obligations under agreements concluded in the customer-bank-insurer relation.

Other than the work on recommendations, representatives of the Bancassurance Team participated actively in numerous events closely related to the segment of insurance and banking services, often as speakers at seminars and conferences.

NATURAL DISASTER INSURANCE WORK GROUP

Chairwoman

– Anna Barańska

Secretary

– Andrzej Pityński

The Group's work in 2010 resulted in development of a report on the current status of the process of including residential premises in natural disaster insurance and creation of a concept of the obligatory natural disaster insurance for residential premises owned by natural persons. Thanks to a detailed analysis of data obtained from the Chief Statistical Office, the Ministry of the Interior and Administration, and insurance companies, the Group was able to estimate the number of residential premises in Poland and their scope of insurance. Additionally, the report includes calculations of costs which would need to be incurred by the State on application of various options of natural disaster insurance in Poland.

The report was presented to the Ministry of the Interior and Administration. The legislative plans of the Ministry provide for preparation of an appropriate act to ensure more common use of the natural disaster insurance for buildings.

As part of the work related to development of the natural disaster insurance, the Group organised a conference on the "Flood – Infrastructure – Financing" on 9 December 2010. The conference was attended by representatives of the public administration, scientific community and invited guests representing foreign insurance markets. The aim of the conference was to review natural disaster threats in Poland as well as social and

financial effects of losses caused by floods or hurricanes from the perspective of the increasing incidence and intensity of such natural disasters. The conference participants also discussed the role of the State in solving of the problems arising from damages caused by floods, hurricanes, earthquakes and landslides.

WORK GROUP FOR ANTI-MONEY LAUNDERING

Chairman

– Jakub Niedźwiedzki

Secretary

– Jan Piątek

The Work Group for Counteracting Money Laundering was established in order to prepare member insurance companies of the Polish Insurance Chamber for implementation of the amended Act on Combating Money Laundering and Terrorist Financing in relation to its adjustment to provisions of Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing (OJ L309 of 25 Nov 2005) and Commission Directive 2006/70/EC laying down implementing measures for Directive 2005/60/EC as regards the definition of politically exposed person and the technical criteria for simplified customer due diligence procedures and for exemption on grounds of a financial activity conducted on an occasional or very limited basis; adjustment of the act to ensure compliance with the international law on combating of the terrorist financing and recommendations of the Financial Action Task Force; adjustment of the act to ensure effective counteracting introduction into financial circulation of property values derived from illegal or undisclosed sources and on counteracting the financing of terrorism; and adjustment of the act's title and terminology used in relation to money laundering to the terminology used in the European Union and on the international arena.

The work of the Work Group in 2010 was particularly focused on three areas: agreeing the interpretation of specific provisions of the adopted amendments in the act and discussing the

interpretation of the response of the Ministry of Finance to the questions submitted by the Chamber about the amended Act on Combating Money Laundering and Terrorist Financing. At the same time, the Group conducted consultations regarding another series of questions to the Ministry of Finance in order to obtain more specific explanations. The result of that work was another series of questions sent to the Ministry of Finance by the Chamber in January 2011; consultations and discussions regarding the issues reported by insurance companies in relation to implementation of the amended Act on Combating Money Laundering and Terrorist Financing; a draft of good practices in combating money laundering through insurance companies.

The Work Group intends to complete the work on those recommendations in 2011.

TRAVEL INSURANCE WORK GROUP

Chairwoman

– Beata Kalitowska

Secretary

– Jakub Owoc

The Travel Insurance Work Group was established in 2010 in order to consult drafts of the following regulations to be introduced in line with the amendment of the Tourism Services Act:

1. Draft regulation of the Minister of Finance on the minimum amount of the bank or insurance guarantee required in relation to the activities conducted by tourism organisers and tourism intermediaries
2. Draft regulation of the Minister of Finance on the obligatory insurance for customers in relation to activities conducted by tourism organisers and tourism intermediaries
3. Draft regulation of the Minister of Sport and Tourism of 3 January 2011 on templates of the bank guarantee agreement, insurance guarantee agreement and customer insurance agreement, required in relation to activities conducted by tourism organisers and tourism intermediaries.

The work on draft regulations at the Ministry of Finance facilitated, among others, simplification of

the manner of calculating the amount of the guarantee for businesses starting their operations, optimisation of the initially planned amounts of the guarantee sums, formulation of a more detailed definition of a charter flight, and resolving a number of doubts which were problematic from the perspective of insurers.

The Work Group also commenced work on the Code of Good Practice which can ensure more effective operation of the guarantee system at the point where the insurer, the tourism organiser, and the Voivodship Marshal's Office interface with each other. The work will be continued in 2011.

INSURANCE INTERMEDIATION WORK GROUP

Chairman

– Hubert Grochowski

Secretary

– Andrzej Kiciński

The Work Group was established to propose amendments to the Act on Insurance Intermediation as part of the activity of the Financial Market Development Council at the Ministry of Finance.

The work on amendment of the act has been suspended until revision of the Insurance Mediation Directive (IMD) is completed and a new Directive (IMD II) is developed. In 2010, representatives of the Group participated actively in the work of the Distribution Task Force appointed within the CEA in order to agree assumptions, the position, and proposals of the insurance sector with regard to the new Insurance Mediation Directive.

The Work Group's work was focused on the issue of streamlining the process of registering insurance agents, which resulted in the Minister of Finance adopting the regulation on submission of applications for entry or amendment of an entry in the register of insurance agents and a list of documents attached to such applications.

The regulation was adopted due to the Chamber's proposal to introduce electronic applications at the Register of Insurance Agents in order to accelerate the process of review-



ing the applications by the Polish Financial Supervision Authority.

Moreover, the Work Group actively participated in assessment of the draft Act on Reducing Administrative Barriers to the Citizens and Entrepreneurs and opted for excluding the amendment of the Act on Insurance Intermediation from the draft – the proposal was taken into account by the Ministry of Economy during subsequent work on the draft.

The Work Group also addressed the issue of normalising the rules governing the operations of claims agents and making them subject to the same laws as other participants of the insurance market.



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