



Client Alert | Insurance

Italy

Coronavirus and measures adopted in the insurance sector

March 2020

Below are the main measures taken in response to the Coronavirus emergency, with reference to the insurance sector.

1. “Cura Italia” (“Heal Italy”) Decree (Law Decree No. 18 of 17 March 2020)

Article 103, paragraph 1 of the so-called “Cura Italia” decree provides for the suspension of time-limits for administrative proceedings pending as of 23 February 2020 or commenced after that date.

As confirmed by IVASS (the Italian Institute for the Supervision of Insurance), said provision also applies to administrative proceedings or stages of administrative proceedings falling within IVASS' jurisdiction, whose time-limits are therefore suspended by law from 23 February to 15 April 2020.

In this respect, IVASS has also specified that it has *“organisational measures capable of ensuring that in any case the principles of efficiency, effectiveness and reasonable duration of administrative proceedings are safeguarded, with particular regard to urgent proceedings, also in order to protect the rights of the parties concerned”*.

2. Measures adopted by IVASS

Moreover, IVASS has adopted some *“first measures in support of the activities of businesses and intermediaries”*

a) Distribution Activities: assessment exam of professional training courses

Assessment exams of professional training courses for personnel in charge of distribution activities of intermediaries or enterprises may be carried out at a distance (by derogating the provision of Article 90, paragraph 5, of IVASS Regulation 40/18).

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In particular, assessment exams shall be carried out with the procedures set forth in Articles, 91, 92, 93 and 94 of said IVASS Regulation 40/18 and namely via video-conference, webinar or e-learning.

b) **Extension/amendment of deadlines:**

*i. **Home insurance:*** the deadline imposed to enterprises for the mandatory establishment of the so-called “internet reserved areas” (see Article 42 and ff. of IVASS Regulation 40/18) originally scheduled on 1 May has been extended until **1 July 2020**. In this respect, it should be noted that IVASS Regulation 41/18 has been endorsed in full in the list of general interest rules drawn up by IVASS (with reference to EU insurers operating in Italy both under the freedom to provide services and under the freedom of establishment and with the exclusion of Articles 42, 43, 44, 45 and 46 for insurers operating business segments other than third party car insurance).

*ii. **Claim Reports:*** the deadline for transmitting the Report on Claims and the relevant documents to IVASS (see Article 9 of IVASS Regulation 24/08) has been extended until **29 March 2020**.

For this purpose, please note that Article 9 applies also to EU insurers that receive a number of claims higher than 20 per year.

*iii. **Distribution Network Report:*** the deadline for transmitting the Report on Distribution Network to IVASS (Article 46 of IVASS Regulation 40/18) has also been extended until **29 March 2020**. In this regard IVASS had already specified that the formality provided for by Article 9 of IVASS Regulation 40/18 shall be applicable also to EU insurers operating in Italy under the freedom of establishment.

*iv. **Complaints Management / Information Request:*** IVASS has amended the following terms:

- 75 days (instead of 45 as provided for in Article 8 of IVASS Reg. 24/08) to respond to the complaint;
- 35 days (instead of 20 as provided for in Article 7 of IVASS Reg. 41/18) to respond to requests for information from customers.

In this respect, IVASS encourages companies to make every effort to assist users of insurance services in the shortest time and in the best way possible.

3. **EIOPA statement**

On 17 March 2020, EIOPA issued a statement concerning the measures to be adopted in order to mitigate the impact of the Coronavirus outbreak emergency on the EU insurance sector (“*EIOPA statement on actions to mitigate the impact of Coronavirus/COVID-19 on the EU insurance sector*”; the “**Statement**”).



In the Statement, EIOPA sends two key messages:

- i. **Business continuity:** according to EIOPA, it is important that insurers are able to continue to provide their services to their clients. Hence, insurance companies must be ready to adopt the measures required for business continuity.
The competent national authorities are required to adopt a flexible approach with respect to the timing concerning reporting and public disclosure obligations for the year 2019 incumbent on Companies.
In its turn EIOPA – besides limiting requests to the market to information strictly necessary – has already extended the deadlines for transmitting the *Holistic Impact Assessment 2020*.
- ii. **Solvency and capital position:** in acknowledging the good capitalization of European insurers, EIOPA states to be ready to adopt the necessary instruments to mitigate effects on the insurance sector. Nevertheless, EIOPA requires EU insurers to maintain their financial position, following prudent policies concerning the allocation of dividends and variable remuneration.
Last, but not least, EIOPA shall continue to monitor the circumstances and to adopt or suggest to the European Institutions the necessary measures to mitigate the effects of market volatility on the stability of the sector.

4. Further EIOPA's declarations and subsequent IVASS' recommendations

On 20 March, EIOPA issued some recommendations to national authorities ("*Recommendations on supervisory flexibility regarding the deadline of supervisory reporting and public disclosure*"; the "**Recommendations**").

These are, in particular, 3 Recommendations, whereby EIOPA encourages the competent national authorities to allow companies to submit, respectively, the Regulator Supervisory Report (RSR), the Quantitative Reporting Template (QRT) and the Solvency and Financial Condition Report (SFCR) with a delay of 8 weeks (or 2 weeks in the case of certain information indicated in the Recommendations).

The Recommendations also consider the current emergency as a "major development" ("major development", as defined in Article 54(1) of the Solvency II Directive) and therefore stress the need for insurers to provide adequate information on the effect of Coronavirus/COVID-19 in their reports.

So, in line with the Recommendations, IVASS has decided to grant companies an extension of the deadlines for the fulfilment of certain requirements related to Solvency II reporting.

In particular:

- **8 weeks** for Regular Supervisory Reports, both at individual and group level;
- **8 weeks** for the Annual Quantitative Reporting Templates, for individual reporting, except for the following templates: Content of the Submission, Basic Information, Balance-



sheet, Cash-Flow projections for life business, LTG, Own funds and SCR calculation, for which a **2-week** extension is allowed;

- **8 weeks** for Annual Quantitative Reporting Templates, at group level, except for the following templates: Content of the Submission, Basic Information, Balance-sheet, LTG, Own funds, SCR calculation and Undertakings in the scope of the group, for which a **2-week** extension is allowed;
- **8 weeks** for Solvency and Financial Condition Report (SFCR) at individual and group level, except for Balance-sheet, LTG, Own funds, SCR calculation, for which a **2-week** extension is allowed;
- **1 week** for Q1-2020 Quantitative Reporting Templates and Quarterly Financial Stability reporting, at individual and group level, except for the Derivatives Transactions template for which a **4-week** extension is allowed;
- ORSA report: *individual: 30 June 2020; group: 15 July 2020*;
- **30 days** for Quarterly report of the situation of controlling and significant shareholdings held; Information on the Reinsurance cession plan; Transmission to IVASS of the annual report on the management of internal funds, which can be sent via PEC at vigilanzacondottadimercato@pec.ivass.it; Letters to the market of 7 and 10 February 2020 - Request for data on non-life business products broken down by intermediary; Letter to the market of 7 February 2020 - Request for information on the insurance activity carried out in order to assess the risks of money laundering and financing of terrorism within the life business; Prospectuses on assets covering actuarial reserves; Transmission to IVASS of information on Card claims; IPER first quarter 2020;
- **60 days** for Quarterly reports and new codes for the types of assets associated to unit-linked and index-linked policies; Gross premiums accounted for in the non-life and life business, new insurance products issued in the life business and contributions to open and negotiated pension funds relating to the first quarter of 2020; Direct and indirect business premiums acquired by Italian companies abroad and by foreign subsidiaries relating to the end of 2019; Report on anti-fraud activities pursuant to IVASS Regulation No. 44; Transmission of the report on the organisation of claims settlement structure; Information on medical malpractice insurance cover relating to risks within the Italian territory; Transmission, for collective health insurance policies, of premiums accounted for in the year 2019; Transmission, for collective health insurance policies, of claims charges for the year 2019 at the end of financial year 2019 and number of risk units for the year 2019.

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