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TWENTIETH ANNUAL CONFERENCE OF ASSOCIATION FOR INSURANCE LAW OF SERBIA

INSURANCE LAW AND PRACTICE – CURRENT ISSUES AND FUTURE CHALLENGES

The Twentieth Annual Conference of Association for Insurance Law of Serbia and the Association of Serbian Insurers on the topic of "Law and Practice of Insurance - Current Issues and Future Challenges" took place on Palić from 12 to 14 April this year.

Welcoming the participants of the Conference, President of the Association of Serbian Insurers, prof. Slobodan Jovanović PhD emphasized the role of this Association in the modernization of Serbian regulatory framework, especially the insurance law.

- By organizing annual Conferences on the up-to-date topics and publishing selected author's papers submitted at these gatherings, as well as though the "Insurance Law Review", the Association for Insurance Law has made a great effort to acknowledge the awareness of the evolution of European insurance law and related areas in Serbia and materialize it through the modernization of existing provisions on contractual insurance law and the improvement of the status and regulatory framework of insurance industry by new regulations. This was also the obligation of our Association towards the International Insurance Association - AIDA, of which we are a member since 1961.

The Conference messages included proposals for the expert public how to improve the regulatory framework and insurance contract law. Systematically working on the translation of Directives and other EU regulations, the Association published in the "Insurance Law Review" from 2002 to 2013, translations of 32 directives and up to and including 2018 - 24 pages of laws, of which 14 are laws of

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EU member states and 10 are laws of the Western Balkan states. Over the years, the Association's Conferences gained a growing international character and half of the papers published this originate from EU member states, whereas two-thirds of the members of the "European Insurance Law Review" editorial board come from these states, said prof. Slobodan Jovanović, PhD, at the Conference opening.

Prof. Jovanović, PhD emphasized that the Association has other goals in accordance with the Articles of the Association and that their realization depends on the understanding and support of insurance companies, which has never lacked. In recognition of their long-standing support, the President of the Association handed over the letters of thank to the representatives of the insurance companies "AMS insurance", DDOR Novi Sad, "Dunav Insurance", "Generali Insurance Serbia", "Wiener Städtische Insurance" and the Association of Serbian Insurers.

Work on the XX Conference was organized in six round tables.

1. The first round table was on the management and competition in insurance.

1.1. Ljiljana Stojkovic, **PhD**, a lawyer practicing in Belgrade, presented a report "On Some Liability Issues of Unlawful Operations in an Insurance Company". She paid special attention to the responsibilities of the bodies of an insurance company for unlawful operations in connection with the implementation of the Solvency II Directive. The author emphasized that insurance companies were subject to a special regime of incorporation and business and/or supervision and control of their business, and there are special requirements for the election into a status of a member of the management board. As the protection of insurance beneficiaries is in the focus of control and supervision, the author emphasizes the importance of personal responsibility of members of the company's management, which must be in proportion with the scope and complexity of their powers and duties. It is only through a proper understanding of the management members own role that a corporate culture based on abiding by the laws and highest standards of business can be created and implemented in an the insurance company. Members of the management board are obliged to provide a comprehensive and continuous monitoring and control of the legality of the company's operations in order to prevent potential mistakes and omissions of employees and the occurrence of harmful effects, leading to deterioration of the company's business reputation and changes or significant disintegration of the relationship between the insurance service beneficiaries and the company, concludes the author.

1.2. According to numerous analysts, the financial crisis 2007/2008 was caused by the absence of good governance where the company's management failed to perform their duties under the business policy documents. The adoption of more stringent regulations and introduction of a more rigorous supervision over the management of financial institutions ensued, with a resulting suffocation of creativity and innovation. The overemphasized implementation of inflexible

requirements began to reduce the risk taking capability and thus affected the stability and profitability of insurance companies, in the long run. **Prof. Simon Grima, PhD,** of the University of Malta's Faculty of Economics, Management and Accounting presented the paper "The Impact of Technology Innovations on the Governance of Insurance Firms: A Literature Review", indicating that the technological innovations facilitated and improved the management of insurance companies, upgraded the business accountability, safety and transparency and that the technology allows for extensive data analysis, whereby he insurance companies can provide services more in line with regulations than before. The greatest advantage of technological innovations is that it saves insurers time and money, improving the user satisfaction. The integration of *RegTech* and *InsurTech* has made business more efficient, internal control and supervision, decision making and policy adoption in insurance companies more effective and accessible, as all information can be gathered in one centralized system or reported and summarized at need. However, prof. Grima highlights that the human factor will still be an inseparable part of the influence of any technological innovation on the governance.

1.3. Arthur van den Hurk, senior regulatory advisor for "Aegon NV" in the Hague and researcher at the Institute of Financial Law at the Radboud University in Neuheim in the Netherlands considers the requests and analyses the application of the rules from the Solvency II Directive regarding the entrustment of financial sector operations, in particular in insurance business. Under the Solvency II, the insurer is fully responsible for all his affairs, regardless whether he has entrusted the performance of a job or function to a third party. The Directive does not include any absolute prohibition on entrusting the jobs or functions, but the insurance company may not entrust the performance of jobs to a third party if it would significantly affect the management system, excessively increase business risk, diminish the ability of the supervisory authority to control the legality of operations in relation to the undertaken obligations or reduce the satisfactory provision of services to policyholders. Insurance companies are obliged to notify the supervisory authority in a timely manner prior to entrusting a critical or important function or job. The same principle is applied to governance in insurance holdings, where the Solvency II Directive introduced a more advanced form of control over the management system. However, when it comes to holdings, the situation is far more complex, especially if parts of the holding operate outside the European Union or the European economic area. The author in the paper also shows the guidelines of the European Insurance and Pension Funds Supervision Agency, which refer to requirements regarding the management of holding companies.

2. At the second round table, the current issues regarding insurance contracts were considered.

2.1. Prof. Slobodan Jovanović, PhD, was dealing with the current topic of personal data protection. In the paper "Some Aspects of the Insurer's Duty According

to the EU General Data Protection Regulation", prof. Jovanović notes that the speed and ease with which personal data can be collected and processed has led to the need to devise a way to protect them against possible abuse and privacy breach. The introduction of new technologies inevitably brings about the changes and adjustments of the legal and supervisory framework. The author therefore shows the evolution of regulations on personal data protection at the level of the European Union, starting with the adoption of the Convention on the Protection of Individuals with regard to Automatic Processing of Personal Data 1981 (Council of Europe No. 108 Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data, Strasbourg, 28.1.1981) until the adoption of the General Data Protection Regulation of the EU 2016. The regulation introduced a large number of novelties reflected in the greater rights of beneficiaries such as access to and correction of personal data, the right to delete data, the right to object to data processing, the right to information in case of theft and data breach, the right to information about data protection policy of the operator etc. They bring more clarity regarding the due attention expected of legal entities when handling personal data. Although it will constitute a certain administrative burden for data handlers and data processors and encourage them to adapt their business organization to new obligations, it will also mean an institutional guarantee of the additional protection of individuals against the misuse of their personal data and the exercise of the rights of the data owner. The author presents the additional obligations of insurers arising from the implementation of the said Regulation.

2.2. The General Data Protection Regulation and the Insurance Distribution Directive have over the years, and especially in 2018, caused a number of disruptions in the insurance market, noted **Viktoria Chatzara**, attorney at the Athens Law Office "Rokas", in the paper "Legal Issues and Practical Aspects Arising from the GDPR and the Greek Law on IDD". Insurance companies and insurance brokers were forced to explore and analyse all important aspects of their business and organizational functions in order to ensure the fulfilment of conditions under the new legislative framework. The way Greece implemented these EU regulations seems to affect the insurance contract from the moment of its formation to the risks occurrence, according to the author of the paper. The implementation of DDO into Greek law was carried out under the Law No. 4583/2018, which brought numerous novelties and created many dilemmas, seeking clarification. It remains to be seen, the author notes, how the rapid technological development and the invasion of new technologies, such as blockchain technology of shared business books and artificial intelligence, will affect the change of the insurance market and the implementation of the General Rules and Directive. New regulations expected to be adopted, such as the Regulation on e-privacy and possible revision of the Solvency II Directive can further alter the insurance market.

2.3. Historically, the insurance industry has begun its work as an unregulated industry, went through a period of regulation on a voluntary basis, only to be regulated today in detail under the national regulations of most European countries and laws, regulations and directives of the European Union. Over time, the legislators provided consumers with greater rights and protection under the contract, which meant for insurers not only a change in corporate culture, but also a change in the way in which insurance activities were traditionally performed. The laws and regulations, and in particular the General Data Protection Regulation and the Insurance Distribution Directive, had a decisive impact on insurance, especially in the risk-taking phase. **Prof. Andre Farrugia, PhD,** from the Department of Insurance at the Faculty of Economics, Management and Accounting at the University of Malta, in the paper "The Impact of Changing EU Regulations on Insurance Risks" explores how various regulations are influenced by insurers and stresses the need to reacts, in particular, by the engagement of certain experts and invests in advanced systems to support such legislative development. Prof. Farrugia stresses that insurers, as participants in the insurance market, can succeed in these challenging times only by continually controlling, revising and innovating their services, business policies and processes to ensure that their clients are acquainted with innovative services, consumer documents and insurance terms. This implies adequate training of employees in insurance companies, as well as conducting tests of the resistance of the insurance company, which must integrate resources acquired by new skills in accordance with new tasks and functions, especially in the IT function, the function of controlling the legality of operations, the legal function and the function of risk management

3. The third round table of the Conference dealt with the non-life insurance contracts.

3.1. Zoran Ilkić, PhD, research associate, legal representative for claims in DDOR Novi Sad, submitted the report "Insurance of dangerous goods transport in road traffic", in which he pointed out the circumstances that make dangerous goods transport specific and different from the transport of other industrial goods. In addition, he analysed the most important regulations of the European countries and the Republic of Serbia, which seek to unify and establish an adequate legal framework within which the transport of dangerous goods will actually be carried out in the safest and most professional way possible. He paid special attention to transportation risks, much more pronounced in the transport of dangerous goods, and the specifics of contracts of insurance of dangerous goods transport, as well as the possibility that more than one person be responsible for damages to life and health of people, their property or environment in the course of transportation. The author concludes that the coverage of future losses should not be left to the independent assessment by participants in the business, but that insurance of dangerous goods in transport should be compulsory again under legal provisions as it was standardized in earlier legal solutions.

3.2. Prof. Nebojša Žarković, PhD, from the Megatrend University and the Faculty of Civil Aviation in Belgrade pointed out the significance of a bank as the sales channel of insurance policy. In some countries, such as Italy, Portugal, France and Spain, the participation of banks in the sale of life insurance policies exceeds half of the total premium volume, while in non-life insurance this share is much lower, on the one hand, because these services are less related to standard banking activities, and on the other hand due to the complexity of property and other non-life insurance lines. The author notes that in recent years, bank insurance in Serbia made significant progress, primarily in life insurance, where more than one fifth of the total premium is realized through this sales channel. Similar to other countries, the sale of non-life insurance through banks is negligible. Due to the changed needs of the parties and the big digital changes, the insurers are placed in front of major changes and the author expresses belief that in the future, the most successful form of sales will be the one that offers the best combination of Internet and standard, best served to all groups of insured: a) customers who are prone to a regular purchase of policies and give priority to personal counsel at the place where the contract is concluded, b) insured persons who are prone to online purchase of policies use the worldwide network to inform themselves and then sign an insurance contract; and c) policyholders who have mixed preferences that move between standard and online shopping, expecting a high-quality offer and advice as well as a smooth transition from one sales method to another.

4. The fourth round table was dedicated to the motor third party liability insurance contract.

4.1. Prof. Sara Landini, Ph.D, from the University of Florence, in the paper "Cybersecurity and smart car – Thoughts on ENISA's Study" drew attention to data protection issues in the informatics area. She specifically referred to the violation of IT security and the use of large amounts of data collected from devices in automated vehicles. She points out that the European legislator does not pay sufficient attention to the possibility of autonomy of automated machines, which can make decisions on their own through independent learning and analysis of the data at their disposal. Although the consequences of these decisions can hardly be blamed upon to the owner, driver and the manufacturer, in general a human being, the German Motor Vehicle Owners Act stipulates that the owner of an autonomous vehicle is responsible for all damage resulting from the operation of a motor vehicle and that he must always be ready to deactivate the functions of an automated vehicle and take control over it. The author emphasizes that, although futuristic, the scenario in which machines, as data carriers and transmitters, will make decisions and rule on their own are not far away and we should timely devote to the legal and ethical aspects of the future that knocks on our door: respect for human rights, discrimination prohibition, the right to privacy and autonomy.

4.2. The paper entitled "Guarantee Fund and Business" was presented by **Miloš Radovanović**, **PhD**, employee of the Guarantee Fund of the Association of Serbian Insurers. The paper deals with specific legal issues that may arise when a passenger on the bus is a victim of a traffic accident. The Law on Compulsory Traffic Insurance of the Republic of Serbia (Official Gazette of the Republic of Serbia No. 51/09, 78/11, 101/11, 93/12 and 7/13) provides for mandatory insurance of passengers in public transportation and in case of death, permanent disability or temporary incapacity for work, actual and necessary medical costs due to a public transport accident, a passenger or a related person may request a sum insured from the insurance company with whom the carrier has concluded a contract for the insurance of passengers in public transport as a result of an accident. If the contract is not concluded, the passenger may request payment of the insured sum from the Guarantee Fund. The author then points to the dilemma that arises in the case law regarding the rights of passengers to cumulate the entitlement to compulsory insurance of passengers in public transport and the entitlement to compensation under the compulsory motor liability insurance, pointing out that the current legal solution and recent theoretical opinions support the accumulation. Although sometimes a passenger injured in a public town transport does not know exactly which bus has been transported by and, for this reason, submits the claim for compensation to the Guarantee Fund, the court practice considers such a claim unfounded, since the means of transport in which the passenger has received the injury cannot be considered an unknown motor vehicle. In the event of an accident involving two or more motor vehicles, the passenger from the bus is considered the third party claimant and is entitled to claim damages from the owner of each and every vehicle involved in the accident. If an unknown vehicle was involved in the accident, the injured passenger will also be entitled to indemnity from the Guarantee Fund. In that case, the joint debtor to the passenger is an insurance company as well, where the bus is insured against liability.

4.3. Hrvoje Pauković, MsC, from the Croatian Insurance Institute, presented the legal framework, practices and numerous disputable issues related to the reimbursement paid by insurance companies to the Croatian Health Insurance Institute (HZZO) in the paper titled „Croatian Health Insurance Institute Claims against MTPL insurers". Namely, until 2009, the insurers in Croatia reimbursed the medical expenses incurred for individuals injured in car accidents on the basis of separately submitted and completed claims for each individual injured. An indemnity claim or a possible action before the court of law had to be corroborated by facts and evidence that would undoubtedly indicate the claim justification. Although it requires the engagement of material and human resources, such a model is considered fair and is represented in Austria, Czech Republic, Slovakia and Germany. At the beginning of 2009, Croatia switched to a new way of regulating the obligations of the insurer to HZZO, who were obliged to pay in advance a lump sum of 10 percent

of the collected, functional premium, which was at the same time the final amount. Under the decision of the Constitutional Court of the Republic of Croatia, by the end of 2012, this percentage was reduced to four, and the obligation of final harmonization of liabilities was introduced through the final calculation of HZZO and insurance companies with possible additional payment of insurers or a refund of the amount pre-paid to HZZO. Since HZZO has never established a cost-monitoring system, thanks to the implementation of the by-law, insurers have managed to agree that the paid advance shall be the final amount of indemnity for an actual damage. Bearing in mind the drop-down tendency of traffic injuries, the Croatian insurers are not satisfied with this solution, and a new legal regulation of this problem is under consideration, which would imply the reduction of the percentage of the deductions from the collected premium to 3.5 percent without any subsequent statement. On the other side, the HZZO through the Ministry of Health proposes an increase in the deduction percentage to seven, although it is neither economically justified nor legally founded. Paukovic, however, states that it may be possible to expect a consensus on the final appearance of the new model, which will consider the rights and liabilities of both parties – the insurers and the HZZO.

4.4. In the report "Indemnity in the compulsory MTPL insurance in Bosnia and Herzegovina – Problem of inter-state conflict of laws" **Jasmina Đokić, PhD**, from "Adriatik Insurance" d.d. Sarajevo, points to the inconsistency of the regulations of the Republic Srpska, the Federation of BiH and Brčko District of BiH, and one of the areas in which this is especially true is insurance. The paper presents the differences between substantive regulations in the field of insurance and different practices of entity courts in the application of these regulations, which leads to an unequal position of third party claimants in exercising the right to indemnity. Since the procedure for the adoption a new Law on Obligations and the Law on Private International Law containing provisions on the interlocal conflict of laws (such as in Spain) is complex and time-consuming, the author sees the solution in the adoption of special regulations governing certain civil law areas. Thus, the law applicable to indemnity under MZTPL insurance could be resolved by amending the existing Motor Vehicle TPL Insurance Law and other provisions on compulsory insurance against liability of the BiH Federation and the Law on compulsory traffic insurance of Republic Srpska. The initiative to implement this could be brought by the Insurance Agency of Bosnia and Herzegovina in order to better protect victims of traffic accidents, which would simultaneously meet the requirements of harmonization of regulations with the achievements of the European law, says the author

5. The fifth round table was dedicated to the personal insurance contracts.

5.1. Prof. Wolfgang Rohrbach, Ph.D. (Univ. Prof. Dr. habil.) from the European Academy of Sciences and Arts in Salzburg, in the paper "New Health management in insurance of persons: Business & Fitness" draws attention to the increasingly

frequent health risks of a modern man, who spends a large part of his time in the office, not active enough, sitting in a bad posture exposed to the so-called electric smog i.e. radiation of laptops and mobile phones, with poor eating habits followed by excessive consumption of nicotine, caffeine and tein. Increased number of days of sick leave, disability and incapacity is affecting the work processes, bringing the economy into an unhealthy situation and representing an attack to both state and private health insurance. Modern insurers are aware that the solution does not lie in increasing premiums and reducing insurance indemnities because this would be the most brutal solution for people, points out the author who sees the exit in the organization of the "Business and Fitness" prevention program. When it comes to large clients, insurers, in cooperation with specialized institutes, can organize partner programs of health prevention financed through group health insurance of employees. The author classifies programs in three groups: 1. self-help assistance where insured persons receive written instructions on health subsidies indicating the need for a break in work with exercises of movement and breathing in the workplace itself or in common premises for rest and recreation, as well as instructions for eye exercises, 2. classic "business and fitness" conducted in special premises of the Company with supervision of the coordinator and 3. preventive measures of labour medicine where the diagnosis and recommendations for prevention and treatment are left to experts of particular qualifications.

5.2. The issue of data availability of from genetic tests of individuals (insured) to insurers is regulated in a different way in comparative law, and a detailed presentation of legislative solutions in particular legal systems was provided by **prof. Loris Belanić, PhD**, from the Faculty of Law of the University of Rijeka in the paper "Results from genetic testing and the obligation to report significant circumstances in the insurance from a comparative-la perspective". The author points out that data from genetic tests are the circumstances that can be used by insurers to assess risk, but that an individual cannot be responsible for genetically conditioned diseases, nor is he therefore discriminated by exclusion from insurance or premium increase. In some countries, such as Austria, France, Portugal, and partly Serbia, it is expressly forbidden to provide insurers with data related to genetic testing of insured persons. In other countries, for example Croatia, the general norms prescribe such a prohibition, in general, but special regulations are missing that would specifically and in concrete terms forbid the collection of data on genetic tests, as well as order the insured to carry out such tests for insurance purposes. There are also those countries that stipulate the conditions under which the insurer may request the delivery of data on the genetic testing of the insured in order to make a decision on the conclusion of the insurance contract and the conditions for doing so, as is the case in the USA, Australia, Great Britain and Germany. The author also lists a number of open issues and problems observed in countries where such type of testing for insurance purposes

is not absolutely prohibited, such as: (un) reliability of genetic tests, interpretation of genetic test results that should not be left to the arbitrariness and discretion of insurers, avoidance of genetic testing so as not to create the obligation to report test results to the insurer, the impact of genetic testing of relatives on the decision adopted by the insurers on personal insurance (in Australia, it is allowed for the insurer to use data from the health history of the family of the insured to make a decision on coverage) predictive and diagnostic genetic tests differentiation (in Germany, diagnostic genetic tests condition the therapy, sometimes with personalized drugs, and the costs of such therapy can only be settled by the insurer if he is familiar with the findings of such tests), the negative selection due to prohibition of the declaration of data from genetic tests and discrimination of insured persons for genetic test data processing as important circumstances for risk assessment (individuals who have undergone genetic tests and identified the possibility of developing particular diseases would endeavour to contract a particular insurance coverage, whereas those who, on the basis of testing, had no danger of developing a disease would be demotivated against conclusion of the insurance cover or would require more favourable conditions). The author believes that insurers should not use data from genetic tests to assess risk and make a decision on coverage, but should rely on other data and factors that can be used to assess a risk. In order to avoid negative selection, insurers are asked to be more inventive and offer to the market attractive enough products in order to gain the attention of as many insured as possible.

5.3. "Interpretation of life insurance contract in Italian legal system" was the subject of the paper presented by **Luca Giordano**, responsible for regulatory issues in "Unipol Gruppo Finanziario" S.p.A. from Bologna. He informed the participants of the Conference of the types of life insurance in Italy and results achieved in the area. Premium income in the first nine months of 2018 amounted to 197.1 billion euros, and is 5% higher than in the same period 2017. In the life insurance sector, which accounts for three quarters of the total premium (80.6 billion euros), premium income increased by 4.4 billion euros (+ 5.8%) compared to the same period 2017. More than 80% assets of life insurance companies are funds on accounts that are separately managed (Separately Managed Accounts - SMA) from other assets of an insurance company (this type of contract belongs to Class I policies). The insurer may manage the SMA at his sole discretion (he is the legal owner of the SMA property), with a limitation prescribed under the general principles of equal treatment for all insured and the balance and stability of the SMA. SMA funds recorded a positive result over time, and the insured were guaranteed a stable return on invested capital, which at the same time protected them from market turmoil. However, the appeal of life insurance of Class I was affected by low interest rates and stricter capital requirements, so the regulatory body intervened, enabling insurance companies to have greater flexibility in determining the average rate of return on investment.

The market of index / unit linked life insurance politics (Class III) grew over time owing to a combination of two elements: standard financial investment and benefits of life insurance policies provided under the Italian law (e.g. assets are not subject to pledges, confiscations and are free from legacy tax). However, the Italian Supreme Court has recently ruled that unit linked policies can not be qualified as insurance contracts if the insured is the only party burdened with financial risk. The author concludes that the debate on nature of related policies should not take much longer in view of the recent decision of the European Court of Justice, and the provisions of Regulation no. 1286/2014 of the European Parliament and of the Council on Key Information for Packaged Investment Products for Small Investors and Investment Insurance Products (PRIIP) and the Insurance Distribution Directive (IDD), which classify the unit linked policies as investment-based insurance products.

5.4. Prof. Katarina Ivančević, PhD, in the article "Discrimination based on health condition and insurance" examines the issues of discrimination that can arise in relation to the health status of persons in the process of insurance risk assessment, in services creation process and when deciding on the eligibility for indemnity. She points out that Serbian law lacks provisions regulating matters of importance for the conduct of insurers in order to prevent illicit discrimination. The novelty is a provision entitled "Prohibition of discrimination" in the Preliminary draft of the Civil Code of the RS, in the part regulating the Insurance Contract, which is largely in line with the contemporary solutions from the comparative law and the provisions of the Principles of European Insurance Contract Law. Currently, under the insurance terms and conditions, the insurers provide the right to deny an insurance application of an interested person without stating the reasons for denial. The author believes that a provision should be introduced in Serbian law requiring the insurer to provide, upon request of the interested party, the information and an explanation as to which data they used when decided not to accept the insurance application or when they set a higher premium than the average. The author also states that the insurers should be regulated to be able to deny the acceptance into coverage or charge a higher premium for health problems only if he can provide objective, accurate and reliable evidence that a person is at high risk and if the information provided on the application were reasonably used in the assessment. She points out that a special challenge for Serbian insurers will be the creation of services that cover mental disease in the way it is done in the world

5.5. Sarita Olević, M.L., the Legal Function of Dunav Insurance Company presented a report entitled "Modalities of Life Insurance Contract" which pointed to the increasing importance of this line of insurance for a modern man and for the development of the economy of emerging countries. Citing life insurance types, she explained their characteristics and, in the chapter dedicated to the treatment of life insurance contract in the RS legislation, she referred to the similarities and differences

existing in the manner of regulating these contracts in the Insurance Law, the Law on Obligations and the Pre-Draft of the Civil Code of the RS, highlighting that the adoption of the Law will allow for significant improvements in the contracting of life insurance and at the same time enable the harmonization of national legislation with the legislation of the European Union, in particular with the Principles of the European insurance contract law as regards the unfair provisions. She underlined that there are certain inconsistencies in the legislation of the Republic of Serbia in defining the life insurance contract and the terms related to this insurance, which cause problems in defining different modalities of these contracts and problems when signing them.

6. At the last, sixth round table the insurance products sale problems and consumer protection were discussed.

6.1. "*Cross-Selling Practices of Insurance Products and Banking, investment and Payment Products and Services*", **prof. Pierpaolo Marano**, **PhD,** Associate Professor of Insurance Law at the Catholic University of the Sacred Heart of Milan, points out that the Insurance Distribution Directive whose main objective is to increase consumer protection when purchasing insurance services does not include a comprehensive legal framework for cross-selling practices. Its provisions apply in addition to EU legal acts governing the sale practice of particular types of goods or services. If the insurance service is incidental in relation to non-insured goods or services, as part of a package or the same agreement, the insurance provider is obliged to offer the client the possibility of separate purchases of goods or services. This provision does not apply when the insurance service is incidental to: a) an investment service or a business under Art. 4, paragraph 1, item 2 of the Directive on Markets in Financial Instruments No. 2014/65/EU (DTFI II), b) a loan agreement as referred to under the Art. 4, item 3 of the Consumer Credit Contracts Directive no. 2014/17 / EU and c) current account as referred to under the Art. 2, item 3 of the Current Accounts Directive no. 2014/92/EU. Although these directives were adopted at intervals of only a few months, due to the differences that exist between them, the European Supervisory Authorities were not able to adopt common guidelines on cross-selling practices, and it was decided that the European Securities Agency (ESMA, 2016) will adopt guidelines only for the investment sector, in accordance with DTFI II. Prof. Marano points out that the DDO calls upon the said directives in the case where the insurance service is incidental in relation to the services or products regulated by these directives, without defining the concept of auxiliary, which gives the service providers the opportunity to claim that the insurance service is secondary or main in an effort to achieve a more favourable cross-selling practice, warns the author.

6.2. Anna Tarasiuk, a lawyer, partner in the "Lyszkiewicz Tarasiuk Kancelaria Radcow Parwnych" Sp.p. in Warsaw, presented a paper entitled "Consumer in Insurance – Recent Regulatory Tendencies", which confirmed the thesis that it was necessary to

protect the weaker contracting party in the insurance contract, which is the aim of EU regulations and the Polish legislator. However, analysing pro-consumer access to the EU and Poland regulations, she notes that these regulations focus on the increased need for information, testing the way in which information is provided, expanding the number of persons and their obligations in terms of informing the other party, while ignoring the key element - whether this information is really useful to the consumer and whether he can make an informed decision on the basis of them. A new dimension in the protection of insurance clients is to direct attention to their real needs and requirements, says the author.

6.3. The Insurance Supervision and Management System (NUPO) was designated as the most important novelty introduced by the DDO in 2016, and **Nikola Filipović, MsC**, the secretary of the Association for Insurance Law of Serbia, in the paper "Product Oversight and Governance between Insurance Distributing Directive and Guideline of the National Bank of Serbia" sheds light on the problems that the regulator is facing with regard to the way in which the request is implemented, but also that the market entities that comply with these requirements must comply with and implement them in practice. Since in the EU, there are markets of varying degrees of development where different distribution structures and strategies apply, Filipović recommends that, before applying the DDO, the degree of development and dynamics of the national market be properly assessed and that, accordingly, the requirements of the Directive be more precisely defined. Imposing strict requirements may negatively affect market innovation and dynamics and the regulator should strive to achieve an adequate balance between the protection of the interests of financial service users and the financial market encouragements. Filipović points out that the evolution of the European rules on financial services leads simultaneously to the evolution of the role of legal function in insurance companies that should pass from the formal legal and inspector's role to the synchronization regime with managerial functions and the risk management system.

This year's Conference of the Association for Insurance Law of Serbia, through the synergy of knowledge and experience of the gathered participants whose legal preoccupation is the activity of great social significance, once again confirmed the importance of sharing information on problems in practice, the manner of their overcoming, achievements that change the view on the future of insurance but also humanity.

Translated from Serbian by: ***Bojana Papović***