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CONFERENCE REVIEW

## **MODERN TECHNOLOGIES, NEW AND TRADITIONAL RISKS IN INSURANCE**

The 22<sup>nd</sup> annual conference of the Insurance Law Association of Serbia, co-organized by the Association of Insurers of Serbia, was held in Šabac from April 23 to 25. The topic of this year's scientific gathering was "Modern Technologies, New and Traditional Risks in Insurance". The work was organized in the form of round tables that dealt with the most current issues of insurance business and law.

During his introductory speech, **prof. Slobodan Jovanović**, PhD, President of the Insurance Law Association of Serbia and Professor at the Faculty of Business, Economics and Entrepreneurship in Belgrade, pointed out that the study of insurance law and monitoring changes in the of insurance law practice and theory is a common interest and a reason for gathering at this year's conference. He pointed out several key processes that are taking place at the global level, as well as the upcoming reform of the contract law of Serbia, which impose the need to exchange ideas and opinions at a conference like this one.

- The development of modern technology brings about new technical products and the provision of services that did not exist before, triggering new risks and challenges for insurance industry. On the other hand, decades of ignoring the consequences of various activities and lifestyles have largely disrupted the environment everywhere in the world, and weather conditions are deteriorating due to climate change. The dynamics of the risk of natural disasters and the damage they cause indicates the need to re-examine the adequacy of modelling different scenarios, collecting and interpreting data where the current computer data are not sufficient, said prof. Jovanović.

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- The forthcoming reform of the contract law of Serbia creates the possibility of its improvement and modernization, but the insurance science and profession should provide answers to certain questions that have remained open. It is our conference that is the right place to analyse these issues, explain them, discuss the proposed solutions and define which solutions are acceptable, said prof. Jovanović.

Quoting the words of the great scientist Albert Einstein that Nothing truly valuable can be achieved except by the unselfish cooperation of many individuals, prof. Jovanović pointed out that the papers authored for that and the previous conference, as well as the discussions amongst the participants at the round tables, essentially define the proposals and initiatives of the Insurance Law Association of Serbia and contribute to the achievement of its goals. Therefore, as he said, the conferences of the Insurance Law Association of Serbia and the Association of Serbian Insurers represent one of the most important gatherings of scientists and experts in the field of insurance law and experts in the insurance practice, following the well-established practice of gathering people from insurance law and practice at the international level.

On behalf of the Association of Serbian Insurers, **Zoran Ćirić**, PR of the Association, greeted the gathered participants, pointing out the relevance of educating not only the individuals as the end users of insurance services, but also the employees in the insurance industry. He emphasized that the insurance matter is alive and changing and that it was difficult to lead a market battle without constant improvement, especially under the environment of the coronavirus pandemic imposed in the previous and in this year.

## **Current Issues and Tendencies on the Serbian Insurance Market**

**Dragica Janković, PhD**, a member of the Executive Board of Dunav Insurance Company had honour of starting the working part of the Conference with an introductory speech in which she presented some current issues and tendencies on the Serbian insurance market.

- In the year of pandemics, 2020, a premium of 110 billion dinars was realized on the Serbian insurance market, whereas the magic figure and the goal of one billion euros of premium that we have been dreaming about for the last few years has not been reached yet. Apparently, that will not happen this year either, because to achieve that, it would be necessary to have a growth of 8 percent, which is almost impossible in this environment. Despite the coronavirus pandemics, the total premium is by about 2.5 billion or 2.3 percent higher than in 2019. Higher growth was achieved in life insurance - by 1.1 billion dinars i.e. 4.38 percent, while the non-life insurance premium reached the amount of 83 billion and 750 million dinars, which is an increase of 1.4 billion or 1.66 percent relative to the previous

year. This increase could be deemed extremely small, but we should keep in mind our fears from the March last year about whether we would be able to achieve the premium result as recorded in 2019. We were aware of all the problems in the insurance lines covering the population movements and travel and these fears proved to be justified. In travel insurance, only 40 percent of the 2019 premium was earned, and in aircraft insurance and aircraft liability insurance the premium was also lower than in 2019, as expected. The accident insurance also recorded a fall in premiums and it traditionally has a significant share in our market. Unlike the overall market, Dunav Insurance recorded no premium reduction in this line.

Dr. Janković pointed out that the key to increasing the non-life insurance premium was the insurance of large infrastructure projects, the realization of which began in 2020. Growth was recorded in property insurance against fire, other property insurance and liability insurance.

- Motor third party liability insurance deserves a special analysis as the type that accounts for the largest share in the total premium on our market - as much as 43 percent of the total non-life insurance premium. When the pandemic started and there was a lock down, people did not move and did not insure their vehicles. After the situation became more stable, the decline in that type of insurance was compensated. In addition, in the middle of 2020, the Decision of the National Bank of Serbia on the change of the bonus-malus system came into force, envisaging the increased bonuses and/or discount on MTPL insurance premium. In the first premium degree, the bonus was increased from 15 to 25 percent and in the second, from 10 to 15 percent. After the conducted analyses, we expected a downfall in the premium in that insurance line of about 6 percent on an annual level, i.e. of about 3 percent on a semi-annual level, which did not happen, but the premium increased by 1.82 percent. Some companies have resorted to increasing the premium in order to compensate for the deficit due to the maximum bonus that was granted to responsible owners of vehicles that did not sustain any damage. There were no other significant changes in MTPL insurance other than the change in the share in the total premium of individual market participants. At the beginning of July this year, the application of the new Rulebook for technical inspections and the adjustment to the new working conditions will begin, as will the adoption of the new Law on Compulsory Traffic Insurance, so we will see how this will affect this type of insurance.

Dr. Dragica Janković also referred to the total premium and the co-insurance premium, as part of it. The data indicate that the premium of inwards co-insurance is growing faster than own premium. The growth of own premium was 2.13 percent, while the growth of co-insurance premium was 8.32 percent, which indicates that insurance companies are increasingly active in that area, try and share the risks and are safer in the carrying of some major risks.

- The Company earned the premium total through various sales channels - said Dr. Janković and presented the data available on the percentage share of such channels in 2019. - Employees in insurance companies earn 63.13 percent of the total premium, whereas sale of policies over the Internet earn only 0.10 percent, intermediaries or brokers earn almost 10.5 percent and this channel is more present in non-life than in life insurance, agencies earn 5.79 percent, individuals 2.3 percent of premium (more in life than in non-life insurance), sales through banks (predominantly life insurance) accounts for 5.62 percent, through the public postal operator for a symbolic 0.003 percent with no progress as yet, through the lessor for only 1.10 percent which refer mainly to comprehensive insurance, through employees in other companies for 0.48 percent (this is the premium from inwards co-insurance), through technical inspection services 10.30 percent and it is mostly MTPL and through persons who act as insurance agents or brokers according to the Article 113 of the Law on Insurance - 0.68 percent. The number of employees in insurance companies ranges between 10,000 and 11,000 and does not show a tendency to decrease, while all other channels that are actually external show a growth trend. They cost companies and at some critical point it will be necessary to take into account the underwriting costs, which are defined under the decisions on premium allocation and are for non-life insurance 28%, other than MTPL where they equal 18 to 23%.

Dr. Dragica Janković also referred to the premium that is earned through intermediaries or brokers.

- In 2017, brokers earned 7.5 billion dinars in premiums, which represents 8.1 percent of the total premium. In 2018, they earned 9 billion and 250 million dinars in premiums, which is 9.3 percent of the total premium, i.e. a growth of 22.9 percent. In 2019, brokers earned 11 billion and 270 million dinars in premiums, which is a 10.5 percent of the total premium and a growth of 21.8 percent. When we compare 2017 and 2019, the growth of the premium earned through brokers was as much as 49.7 percent. It should be borne in mind that according to some estimates, the brokerage commission on our market is 22 percent - said Dr. Janković.

Dr. Janković pointed out that, in the field of insurance, 2020 was marked by new insurance coverages under travel health, voluntary health, and in life insurance with some insurers. In addition, accelerated digitalization has started, which caused a sudden increase in cyber risk.

- We all tried to get closer to our Insured in the difficult conditions imposed by the coronavirus pandemic. The National Bank kept an eye on us and the Insured, we filled out a questionnaire on obtaining relevant and up-to-date information on the effects of Covid and submitted it to the National Bank, which we will certainly continue to do in 2021. In addition to all these challenges, we are waiting for the full harmonization of regulations with the Insurance Distribution Directive and the application of the Solvency II concept - highlighted Dr. Dragica Janković.

Further work at the Conference was organized in the form of thematic round tables.

## **Traditional Risks and Insurance**

The first round table was dedicated to the traditional risks and insurance, here **Slobodan Jovanović, PhD**, spoke on the topic of "Climate change and flood insurance in Germany, Great Britain and Serbia". He pointed out that climate change greatly affected the frequency and severity of the adverse effects of floods. Due to the often catastrophic consequences and large territorial scope, floods require more efficient prevention measures, but also the development of new underwriting.

- In Germany, similar to a number of insurers in Serbia, coverage for flood risks is provided as supplementary to the standard property risks coverage. However, the German insurance practice provides for an opportunity to insure a number of other natural hazards as supplementary risks within the coverage package for natural risks. There are insurers in Serbia whose terms and conditions relative to the scope of coverage more or less coincide with the conditions of insuring the same risks in Great Britain. These are insurance terms and conditions that represent an extension of the once traditional terms and conditions for these risks, which is a good step towards the modernization of household insurance terms and conditions in Serbia - said Dr. Jovanović.

- The principle of flood insurance, from the point of view of risk assessment and selection technique, will certainly be applied in the future and the insurers' refraining from insuring those risks where floods are more frequent than a certain number of years will pose a problem for policyholders. Both the German reinsurance business and the British Institute and the Faculty of Actuaries agree that closer co-operation is needed between governments, environmental organizations, planners, policyholders and insurance businesses in order to adequately manage flood risks. One of the basic assumptions is to slow down and stop climate change by reducing the emission of harmful gases that contribute to the warming of the Earth, which implies various processes of reforming the way of everyday life, production, waste management and many others. If climate change does not slow down, the risk will certainly worsen, and the quality of prevention will depend on government investment in flood defence measures, as well as other circumstances that may increase or decrease flood damage such as population growth and settlement expansion, the ratio between green and urban areas, the passability of waterways and drainage channels, maintenance of embankments and dams. As the consequences of climate change are felt everywhere in the world and the harmful potential of floods is deteriorating everywhere, all countries must pay attention to the stated measures - concluded Dr. Slobodan Jovanović.

In the paper "Role of Modern Technology in Communication of Brokers and Agents with Policyholders" **prof. Nebojša Žarković, PhD**, professor at the University "Business Academy" in Novi Sad, paid attention to researching the role that the latest technological solutions have in the communication of brokers and agents with policyholders

- For years and even centuries, brokers and agents have offered and explained insurance services in person. However, in the last few decades, the world has changed - the importance of computers, mobile phones and other digital devices in mutual communication has significantly increased, so personal conversations in the premises of a party or a broker or agent are becoming rarer - said prof. Dr. Žarković and pointed out that the coronavirus pandemic with restriction of movement and personal contacts additionally affected the changes in the way of communication between the parties. Conducting a personal conversation at a distance has proven to be an effective and inexpensive way of approaching clients.

In his paper, prof. Žarković analysed the role of the Internet and Internet intermediaries, mobile devices, social networks and the automation of work. He pointed out that the modern age of high-tech development introduces innovations in the way of approaching clients and brokers and agents must adapt to technological innovations in order to take advantage of them.

- No matter what existing high-tech means of communication they use, insurance agents and brokers have excellent opportunities to approach a certain target group and bind its members to themselves. This will be achieved by complete, content, form, time and space harmonization of all used means. Whoever behaves in such a way will stand out from the group of others and achieve better success and position on the market - concluded prof. Nebojša Žarković.

Cristina Mariani from "Unipol Gruppo SAI" from Bologna, the leading insurance group on the Italian non-life insurance market, addressed the Conference participants via a video link. She pointed out that data is a basic resource for economic growth, competitiveness, innovation, job creation and social progress in general.

- Insurers recognize the importance of data protection, because data processing is at the heart of their business - said **Cristina Mariani**. - They process the data in order to analyse the risks that individuals want to cover, which allows them to adjust their services to the demands of the market. Data processing plays an important role in the assessment and payment of benefits to the insured, but also in the detection and prevention of fraud. The use of new technologies such as the so-called block chain technology, artificial intelligence, the Internet provides insurance companies with the opportunity to expand and improve the services they offer to consumers. However, these innovations could be hampered by existing or forthcoming European legislation and personal data initiatives, such as the General Data Protection Regulation - GDPR, the guidelines of the European Data Protection

Board (EDPB), the proposed ePrivacy Regulation, the draft law of the European Union on data management, the forthcoming EU legislation on open finances because, despite significant efforts, they do not always fully respect the principle of technological neutrality and are sometimes at odds with rapidly evolving technology.

Mariani pointed out that the creators of regulations in the field of insurance, considering the potential implications of innovations in the insurance sector, i.e. access to and sharing of personal and non-personal insurance data (usually through an application programming interface - API) should avoid the introduction of binding data exchange requirements (especially on those data that may be of strategic importance to enterprises). They need to focus on taking policy and legislative measures to address the associated risks, in particular with regard to consumer protection, data misuse, liability issues and fair competition.

- The insurance sector is one of the most regulated ones, because the special sectoral regulation that refers to the use of data overlaps with the general laws and regulations on data protection, said Kristina Mariani. This has led to regulatory asymmetry, because although the insurance sector is subject to a complex and extensive system of privacy rules, other sectors and operators are subject to less strict rules. Therefore, in the context of new "digital ecosystems" that includes different types of organizations, it would be necessary to introduce stricter rules in other sectors, in order to guarantee effective protection of consumer rights and freedoms - concluded Mariani.

## **Use of Modern Technologies in Insurance**

The second round table was dedicated to the aspects of the application of modern technologies in insurance, and within it, the Conference participants had the opportunity to hear the presentation of three papers.

**Prof. Pierpaolo Marano, PhD**, Associate Professor at the Faculty of Law, Catholic University of the Sacred Heart in Milan, also via a video link, presented the paper "Legal Issues of Various Models of Personal Insurance via the Internet". He pointed out that digitalization affects the entire business chain in insurance, from the service development to their distribution and claims management. Online personal insurance is one of the new business models enabled by digitalization. Prof. Marano explained that the term personal insurance over the Internet refers to a risk-sharing network in which a group of individuals with common interests or similar risk profiles pool their premiums to insure against a particular risk. Insurance of persons over the Internet allows the individuals with similar interests to share the risk, i.e. enables them to pool capital, organize and manage the coverage by themselves, whereas the new technologies provide for significant benefits for using the model on a wider scale. Prof. Marano stated that there are three models of personal insurance over the

Internet in the insurance market: 1. insurance brokers, which are financed through brokerage commissions from insurance companies, manage the brokerage model of personal insurance over the Internet; 2. insurance companies directly implement the personal insurance model over the Internet and 3. the self-management model that shares risks only among group members without paying a premium. The models of insurance of persons over the Internet that are used on the market and the very concept of that method of insurance must not be demonized, concluded prof. Marano. If they create value for policyholders in accordance with regulations, their expansion in the market is undoubtedly desirable. The principle of "same rules for the same risk" must be applied to these models, and their use with the aim of avoiding the regulations must certainly be stopped.

"Legal regulation of InsurTech companies - is the principle of proportionality the answer?" - the title of the paper by **Mrs. Marta Ostrowska (LLM)** from the Faculty of Law and Administration, University of Warsaw, which the author also presented via video link. She pointed out that the entry of InsurTech companies into the insurance market raises many questions regarding the legal regulation of their activities. Traditional (re) insurers advocate for equal conditions of competition, i.e. that the same rules should be applied to InsurTech and traditional companies, while representatives of InsurTech companies point out significant differences between themselves and traditional companies, and that the application of the same rules would only hinder their development. Therefore, they propose the adoption of a special regulation as a desirable option. The European Insurance and Occupational Pensions Agency constantly monitors and advises InsurTech companies, but no special measures have yet been taken on drafting the law. In her paper, Mrs. Ostrowska tried to show that the correct application of the principle of proportionality can serve as a solution for regulating InsurTech companies, such as PLLI platforms (platforms for people with the same interest), which are currently one of the most popular InsurTech. She pointed out that what can be helpful in reducing unnecessary regulatory loads whenever necessary is the principle of proportionality built into the Solvency II framework and the Insurance Distribution Directive.

- The principle enables the adjustment of the existing insurance regulations to the specifics of InsurTech by applying individual provisions in a way that is proportional to the character, scope and complexity of the risk profile of InsurTech - said Marta Ostrowska. - The three criteria are broad enough to cover particular qualities of InsurTech that affect their risk profile. It can therefore be concluded that no special regulations on PLLI or InsurTech are required at this time. However, as the InsurTech environment develops, it might be reasonable to make some regulatory changes, which might depend on the extent to which InsurTech's activities relate to insurance, from both a legal and economic perspective - said Ostrowska.

She pointed out that the work and analysis she conducted were not enough to prove this claim, and that an economic analysis of the various policy options,



their cost-effectiveness as well as market research should be conducted. Nevertheless, the paper shows that proportionality can be an aid in the management of the supervisory-regulatory environment and can be an alternative to creating new regulations where necessary.

**Prof. Mihajlo Rabrenović, PhD**, professor at the Faculty of Business Economics and Entrepreneurship and **Dr. Usman Ikbal** from Taipei Medical University prepared a paper for the Conference, titled "Importance of Big Data and Artificial Intelligence for Efficient Insurance Plans in the Field of Health Care." The co-authors noted that Big Data is a complex term that denotes a set of data in different forms and states that there are a number of challenges associated with this term, including how to store, search, analyse and share them. Given the great benefits of the Big Data and artificial intelligence, their greater application in the field of health insurance is expected. Proper application of this concept requires modern technology and experienced experts of various profiles in the field of medicine, insurance law, informatics and management, and the co-authors concluded that the quality of understanding the risks in health insurance is directly related to the quality of information available.

### **Motor Third Party Liability Insurance**

Three papers were presented at the round table "Auto Liability Insurance Contract".

**Jasmina Đokić, PhD**, from the "Adriatic Insurance" in Sarajevo prepared and exhibited via video link the paper "Compensation for Injuries and Deaths under the new Law on Compulsory Traffic Insurance of the Federation of Bosnia and Herzegovina." She pointed out that the Law came into force last year and its adoption achieved a high level of harmonization with EU regulations, achieving, at the same time, internal harmonization to a large extent that is harmonization with the norms of the law of the Republic Srpska that carries the same title. Dr. Jasmina Đokić pointed out that the standardization of rules for determining the amount of compensation for material and non-material damage caused in a traffic accident is a novelty and a special feature of that law, and it differs this law from the regulations in the field of compulsory traffic insurance in the region and beyond. Namely, a set of rules is prescribed in the form of Framework Criteria for determining the amount of compensation for bodily injuries and deaths, which are an integral part of the Law.

- The special significance of the Framework Criteria for Determining Compensation is that it will provide all interested parties with the possibility of objective monetary assessment of claims to be paid for injuries sustained. This will lead to more transparent actions and prevention of arbitrary interpretation and lucrative motives for filing lawsuits in the Federation of B&H - said Dr. Đokić. - The issue of internal conflict of laws and the manner of its resolution remains open, considering

that the Orientation Criteria of the highest court instances are still in force in the Republic Srpska and Brčko District, stipulating lower or higher cash compensations for particular damage types. In order to harmonize the rules on determining the amount of compensation for non-pecuniary damage on the entire territory of B&H, it would be desirable for both the Republic Srpska and Brčko District to harmonize their court criteria with the Framework Criteria prescribed by the new law of the Federation of B&H - concluded Dr. Jasmina Đokić.

For the round table dedicated to the motor third party liability insurance, the paper was prepared by **prof. Sara Landini, PhD**, (from the Faculty of Law, University of Florence. In the paper "MTPL in the case of automatic selection", she referred to the issue of covering costs in the case of damages caused by the automated decision-making process in automated vehicles.

- In case of damage attributable to the automated machine, the compensation and prevention targets are better achieved by a system that allows to indemnify the claimant simultaneously obtaining data related to claims, the processing thereof in order to gain new knowledge, error risk management and prevention of a damage. The collection and processing of these data can be done by insurance companies, which are the activities they normally do by generating the knowledge of risk management. Insurers can also use the acquired knowledge for the purpose of giving instructions to the insured in order to make safer the insured automated systems. The standards and guidelines can be created and updated under the insurance contracts, and special conditions provided for excluding from the coverage cases where the insured automated system does not comply with standards and guidelines. All this does not mean completely overcoming the hypothesis of civil liability, which can continue to play an important role in the artificial intelligence system, provided that the concepts on which civil liability cases are based are innovated, such as negligence, manufacturing error and obligation to refrain from inflicting the damage - she said. Prof. Sara Landini added that the interaction between people and machines in terms of automation will not only change civil liability but also insurance industry.

In the paper "Electric Scooters and Motor TPL Insurance", **Mr. Miloš Radovanović**, an employee of "HALKBANK" a.d. in Belgrade, focused on two relevant issues related to the increasing use of this means of transport, namely the mandatory insurance of electric scooters and whether the damage caused by uninsured electric scooters can be compensated from the Guarantee Fund. Mr Radovanović stated that according to some research, it has been established that approximately 15 injuries requiring hospital treatment occur per 100,000 electric scooter rides. Due to their speed, electric scooters are difficult to stop in time, and due to their size, they are difficult to notice in time, which increases the possibility of a collision or other accident. In such situations, injuries to persons who operate scooters are most common, but the number of cases in which third parties are injured is not negligible.

Pedestrians make up 8.5 percent of the injured in accidents involving electric scooters. There have been such cases in Serbia as well, but in court practice, there are still no judgments on compensation for damage caused by an electric scooter.

- There are different approaches to this problem, globally speaking. In the US, state of New York, the damage caused by an electric scooter is not covered under the MTPL, just as neither are the damages caused by other two-wheeled vehicles. French Guarantee Fund pays compensation for damages caused by an uninsured and unknown electric scooter as a damage caused by an uninsured or unknown motor vehicle - stated mr. Radovanović, and pointed out that the issue of electric scooter insurance and compensation for damage caused by it depends on the legal qualification of the vehicle. He paid a special attention to this in his paper.

- There are really no special rules for insuring these vehicles. However, this does not mean that electric scooters should not be insured. The provision of the Law on Traffic Safety, which broadly defines a motor vehicle, as well as the provision of the Law on Property and Personal Insurance, which prescribes the obligation to insure all motor vehicles, are *lex generalis* that should be applied to electric scooters - said mr. Radovanovic, stating that in spite of the tolerance towards the use of uninsured electric scooters, this is not a sufficient reason to deny third party injured the compensation from the Guarantee Fund in the event that the damage is caused by an uninsured electric scooter. The Insured are guaranteed this right under the legal provisions.

## **EU Regulations and Legal Status of Insurers**

Three papers were presented at the round table on the topic of "EU Regulations and Legal Status of Insurers".

**Mr. Nikola Filipović**, a lawyer at the "Živković Samardžić" Law Office in Belgrade, presented the work "EU Rules of Market Behaviour in Practice - Thematic Report of the European Insurance and Occupational Pensions Authority on Travel Insurance". The agency in question - EANOPF, launched a research in 2018 with the aim of analysing the travel insurance market and the risks that these insurance services may pose to policyholders. The final version of the report was submitted in October 2019 with accompanying warnings from the insurance industry, which presented the expectations of the EANOPF towards the insurance industry in terms of compliance with the rules of market conduct.

- The basic characteristic of travel insurance is that it is most often sold as an addition to the main service, i.e. travel arrangement, and is a typical insurance that is placed through cross-selling. Since it is placed through secondary intermediaries - travel agencies and mobile operators, special attention must be paid to the obligations of those entities - said mr. Filipović. - The Insurance Distribution Directive

does not apply to them and the supervisory authorities do not directly supervise the secondary intermediaries, but insurance companies that use their services can be subject to supervision in that segment - he explained.

Filipović stated that insurance companies are required to ensure that secondary intermediaries, before concluding the contract, inform the policyholder of the insurance service provider (address, register, etc.), the nature of indemnity relative to the insurance proposal, submit a document with key information about the service, the possibility to file a complaint and resolve any dispute out of court, comply with the rules on cross-selling of insurance, establish appropriate and proportionate measures that ensure business in accordance with the general principles of business.

- This is an interesting challenge for insurance companies, who will have to ensure that even unregistered intermediaries who distribute their products behave in accordance with the provisions of the Insurance Distribution Directive, i.e. that they act honestly, fairly, professionally and in the best interests of their clients when distributing insurance, that the information they provide to policyholders is correct, clear, unambiguous and not to mislead the policyholder, that all proposed insurance contracts must be in accordance with the requirements and needs of the Insured. Although the operations of secondary distributors are not subject to direct supervision by the National Bank of Serbia, the supervisor may still ask insurance companies of a way how they are fulfilling their obligation to ensure that secondary intermediaries operate in accordance with regulations. Otherwise, the lack of control over this segment of business could have adverse effects for the Insured and would be contrary to the goal of the Insurance Distribution Directive - concluded Filipović.

In the paper titled the "Insurers Impressions on Efficiency of Guidelines of European Insurance and Occupational Pensions Authority on Information and Communication Technology Management Systems" **prof. Simon Grima, PhD**, from the Department of Insurance at the Faculty of Economics, Management and Accounting of the University of Malta presented the results of a survey conducted among selected beneficiaries, i.e. practitioners, persons dealing with insurance, controllers and regulators in areas of insurance regarding the Guidelines for Security of Information Management and Communication Technologies. European Insurance and Occupational Pensions Authority (EANOPF) published the Guidelines on October 20, 2020, and their implementation will begin on July 1, 2021. There are 25 of them in total and they aim to direct insurance and reinsurance companies to apply the type of requirements for security and management of information security and communication technology provided by the Solvency Directive II. Their purpose is to promote increased operational resilience of digital business of insurance and reinsurance companies against the risks perceived.

- Most of the surveyed participants are of the opinion that the guidelines are too broad and general, that there is no special need for them because they

represent the sustainability measures or survival that all insurance companies have to deal with in order to stay in business - said prof. Grima. - Many have drawn attention to the fact that although the goal of the guidelines is clear, they do not explain which standards should be followed. In short, they do not fulfil the purpose for which they were adopted, and it can be shown that they represent just another area where the efforts shall be doubled and the collected data will overlap, without adding value. Entrusting jobs to third parties is barely touched, while today's main risks such as "fishing" and social networks are not sufficiently addressed, the survey authors concluded.

In the paper titled "The Impact of Legislative Framework of Public Procurement on Insurance Sector" **Vuk Leković**, a lawyer from Belgrade, pointed out that since the introduction of the first Law on Public Procurement (ZJN) in 2002, the public procurement market has had a significant share in total premiums earned by insurance companies. Adequate planning of insurance services procurement and preparation of tender conditions should facilitate to the ordering parties the performance of their basic business activities, which would be compromised in the absence of an adequate insurance cover. Therefore, the author of the paper is of the opinion that the contracting authorities should start with the practice of hiring authorized insurance intermediaries, who would be in charge of preparing the tender documentation and the conditions for the procurement of insurance service. When preparing the tender conditions, the contracting authorities are obliged to be guided by the principle of ensuring competition and non-discrimination, which practically means that they should not prescribe additional conditions with the intention to unjustifiably put certain economic entities in a more favourable or unfavourable position. Leković recommended that both the contracting authorities and the insurance companies monitor and analyse the practice of the Republic Commission for the Protection of Rights in Public Procurement Procedures, so that in the following period the procurement of insurance services shall take place in an uninterrupted manner. Contracting authorities – so as to prevent errors in the preparation of tender conditions, and insurance companies – so as to protect their rights and interests in public procurement procedures.

Two more round tables were held at the Conference; the one at the topic "Reform of Insurance Contract Law", and the other at the topic of "Civil Liability and Insurance". Mr. **Aleksandar Bebić**, director of the Legal Function of the "DDOR Novi Sad", insurance company, **prof. Nataša Petrović Tomić**, PhD, full professor at the Faculty of Law of the University of Belgrade, Nenad Grujić from "General Insurance" and **Nenad Anđelić**, head of the Legal Service at "Triglav Insurance". Opinions were expressed in favour of the adoption of a special law that would comprehensively regulate the specific matter of insurance. Aleksandar Bebić stated that this matter is currently regulated in Serbia under numerous laws - the Law on Contracts and

Torts, the Insurance Law, the Law on Compulsory Traffic Insurance, the Law on Merchant Shipping and a number of other regulations. The specific nature of the matter, frequency of signing the insurance contracts, appearance of new risks, need to comply with EU regulations - all are arguments indicating the necessity of legislative framework reform, said Bebić. Prof. Nataša Petrović Tomić, PhD, a participating expert in the formulation of the Slovenian Law on Insurance, pointed out that issues of principle can be regulated under the Civil Code, whereas any matter concerning the dynamics should be regulated under a special law. This would allow monitoring the amendments to the European regulations, because once adopted, the Civil Code shall be far more difficult to amend than a special law. In addition, prof. Petrović Tomić thinks that a clear message should be sent that the wording of the special law is conceived so as to establish a balance between protecting the interests of insurance service users on the one hand and the insurance industry's efforts to propose solutions for removal of numerous obstacles in some domains, that are arising out of outdated regulatory framework, on the other hand. Nenad Grujić elaborated on the scope of impact of the pandemics to changing the way of contracting in insurance. A large number of contracts were concluded remotely, either by paying for insurance premium or using a qualified electronic signature (even double authentication, which is not stipulated under the current law and there is a room for its regulation). Nenad Andjelić drew attention that we should take care not to get into a situation of over-regulation by our normative interventions. He sees the solution in the regulation of particular issues through the institutes, such as has allowed for the longevity of the Law on Contracts and Torts. He also stated that certain institutes, well established in legal practice, such as the assignment, have not been legally regulated. Mrs. Svetlana Dragaš from Dunav Insurance Company also pointed out to numerous legal gaps, in particular that the Law on Personal Data Protection does not recognize group contracting. To this effect, the question arises how to provide adequate information regarding the protection of personal data and how to provide consent for handling the processing personal data in case of group insurance contracts, said Mrs. Svetlana Dragaš.

The second round table was chaired by **Miloš Milanović**, a member of the Executive Board of Dunav Insurance and attended by **Ivan Bulajić**, Director of the Motor Vehicle Claims Sector at Generali Insurance, **Aleksandar Grbić**, Director of Triglav Insurance Claims Directorate and **Zorana Šobot** from "DDOR Novi Sad". The topics discussed included the issues faced by insurance companies in the claims indemnity procedure, claims adjustment and cooperation with other institutions that might help the contract on mandatory insurance, primarily on mandatory motor third party liability insurance fulfil its purpose – the economic protection of interest of third party claimants. Mr. Miloš Milanović stated that, when it comes to claims settlement, the insurance companies are lagging behind in terms of technology

relative to some other spheres, such as insurance sale. Nevertheless, the Corona virus pandemics accelerated the implementation of new technologies here, as well. Mr. Ivan Bulajić said that Generali Insurance had possessed digital tools for notification of claims even before the outbreak of the pandemics, but the Corona accelerated them so that they completed the application for online notification and checking the status of damage via the website. In this period, more than 50 percent of the claims were settled remotely, but clients still prefer to contact by phone and come to the office when they suffer losses, Bulajić stressed.

Milanović said that any online claim is valid if regulated under the internal deeds of the insurance company, and that the period for claim adjustment shall begin to run the moment the claim is notified online, whether it refers to a material or non-material loss.

To that effect, the problem is the Traffic Accident Report. If there were injured persons in the traffic accident, criminal proceedings are initiated and the insurance companies do not have access to such Report. When the claimant notifies us of a claim, we are not able to settle it within the prescribed period because we do not have access to the documentation in the prosecutor's office. When the legally prescribed period elapses, we are forced to decide to deny the notified claim because we do not have enough documents to determine the merits and amount of the claim. The claimant must file a lawsuit to reach a decision on non-pecuniary claim compensation in the court proceedings. In an effort to avoid such a situation, insurance companies invent various ways to resolve the matter. In some cases, with the support of Association of Serbian Insurers, they manage to obtain the necessary documentation, and some prosecutor's offices meet their requirements, but not all of them do so- Milanović stressed, pointing to the necessity of legal regulations that would enable insurance companies to obtain data from court procedures. This would contribute to making an adequate and timely decision on the submitted claim indemnity, because the essence and purpose of compulsory motor third party liability insurance is the economic protection of third party claimants.

Not less important is the timely drafting of the Policy Traffic Accident Report which currently takes a month and longer, instead of seven to ten days.

Another topic discussed at this round table comprised the Uniform Criteria for Motor Damage Assessment, adopted forty years ago and still in use today, though outdated. Insurance companies resort to using different types of tools to define the actual loss amount, such as online auctions. However, this is not always feasible. For this reason, it is necessary to gather together the profession and science (the loss assessors from insurance companies, traffic experts, professors from the Faculty of Mechanical Engineering and Faculty of Traffic) to try and reach a consensus on the Uniform Criteria. With the existing digital platforms that provide insight into the market values of vehicles and motor parts, this should not be too big a step, but

would bring security and strengthen clients' trust in insurance companies, it was said at the round table.

The 22<sup>nd</sup> Conference of the Association for Insurance Law of Serbia, for many years now organized jointly with the Association of Serbian Insurers, gathered a significant number of insurance law experts from universities and insurance companies, the insurance lawyers and third parties. It took place in an academic environment and comprised interesting topics that were presented and discussed. Papers signed by the local and foreign authors were published in the Proceedings that carries the same title as the general topic of the Conference. With an even number of foreign authors from the national insurance law sections of various EU member states and the local authors, the Conference has kept its international character this year, as well.

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