

Press-release
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CC leaves out of account LTAB voiced arguments, requiring for EC opinion

Competition Council (CC), inquiring for an opinion of the European Commission (EC) about impact of MTPL information accumulation system, effective in Latvia, on competition on the MTPL market, has left out of account arguments voiced by the Latvian Motor Insurer's Bureau (LTAB). Virtually, ignoring the said arguments would facilitate EC to adopt a final decision to the benefit of the CC position, in this way advising to prohibit LTAB to continue accumulation of detailed data on all motor vehicle owners' insurance premiums and amounts of repaid premiums.

LTAB has already applied to other international independent institutions, for example, to the European Insurance and Reinsurance Federation (CEA), several national bureaus (Green Card) of European countries, requiring for opinion on necessity of accumulation of such information. Also the Latvian Actuators' Association, as well as reinsurers, which secure reinsurance on the Latvian MTPL market, have expressed their opinions on this matter.

„Basically the letter prepared by the CC on the system of information accumulation in Latvia, has been shaped so that the EC would express an opinion desired by the CC. The CC, sending the letter, has ignored significant arguments voiced by LTAB, thanks to which the EC could deliver straight opinion on the system of MTPL information accumulation in Latvia, which has been efficiently operating since introduction of MTPL in Latvia in 1997”, acknowledges Juris Stengrevics, LTAB Director - General.

CC in its letter failed to mention below significant arguments:

- data on sums of insurance premiums under concluded and terminated insurance agreements is not accessible to insurers;
- detailed information about received insurance premiums is a compulsory demand of international reinsurers so that to calculate each insurance agency payable maximum shares within the framework of reinsurance agreement;
- insurance agencies on the purpose to carry on arrangements on prevention of road accidents every quarter transfer to LTAB, which later transfers to the Road Traffic Safety Council 2% percents of received sums of insurance premiums. If such data fail to be accumulated, then LTAB shall not be able to follow whether sums transferred by insurance agencies are true (Article 57 MTPL Law);
- LTAB once a quarter furnishes to the Ministry of Finance and the Financial and Capital Market Commission processed information about situation in the state in the MTPL sector, which includes also information about total sums of received premiums and a detailed analysis on an average calculated premium, as well as statistics on types of vehicles (Article 49 MTPL Law);
- Thanks to available data on insurance premiums of every policy, LTAB can control whether insurance agencies correctly decrease policy prices to those owners of vehicles, to which under norms of LR legislation, decrease of policy prices is applicable (I, II and some III group disabled people and growers of agricultural produce). (Article 14 of MTPL Law).

At the session of the Cabinet of Ministers, where there was considered a regulations project on „Regulations on amount and types of data deemed necessary for operation of information system of overland motor vehicle owners’ third party liability compulsory insurance, procedure of data input, sharing and application” (prepared by LR Ministry of Finance), the CC publicly expressed concern that, supposedly, MTPL premium accumulation in the information system would hinder or otherwise deform competition. Therefore it was decided on impact of MTPL information accumulation system, effective in Latvia, on competition on the MTPL market that Latvia would require for opinion of the EC on impact of MTPL information accumulation system effective in Latvia on competition on the MTPL market.

“It is necessary to mention that such system of accumulation of information under requirements of LR normative acts, has already worked in Latvia since introduction of motor compulsory third party liability insurance in 1997, and, thanks to the obtained statistics and analysis, enabling agencies up to now to find timely solutions on essential problems successfully, in this way improving road traffic safety at the whole!” informs J.Stengrevics.

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